

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1985

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

S. 2414

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 1985 FOR THE ARMED FORCES FOR PROCUREMENT, FOR RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, FOR OPERATION AND MAINTENANCE, AND FOR WORKING CAPITAL FUNDS, TO PRESCRIBE PERSONNEL STRENGTH FOR SUCH FISCAL YEAR FOR THE ARMED FORCES AND FOR CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE, AND FOR OTHER PURPOSES

PART 4

PREPAREDNESS

MARCH 8, 13, 15, 27; APRIL 26, 1984



Printed for the use of the Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1984

34-145 O

5201-42

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1985

THURSDAY, MARCH 8, 1984

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

READINESS TRENDS IN THE DEPARTMENT OF DEFENSE

The subcommittee met in open session, pursuant to notice, at 2:04 p.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Wilson, Nunn, Levin, and Dixon.

Staff present: Arnold L. Punaro, staff director for the minority; Christine C. Dauth, chief clerk; William E. Hoehn, Jr., David S. Lyles, Bruce D. Porter, James C. Smith III, and John G. Campbell, professional staff members; and Marie Chaillet and Patricia L. Watson, staff assistants.

Also present: Ronald P. Kelly, assistant to Senator Humphrey; Mary A. Shields, assistant to Senator Stennis, Peter D. Lennon, assistant to Senator Levin, and Charles C. Smith, Jr., assistant to Senator Dixon.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The subcommittee will come to order.

The first item of business is for the subcommittee to act on S. 2100. However, its sponsor-author, Senator Wilson, is not here. So, we will put that aside momentarily and take it up when he arrives. It will require only a few moments of our time, I believe.

The subcommittee meets today to receive testimony concerning the readiness of the Department of Defense.

Our witness this afternoon is Dr. Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Installations and Logistics.

Dr. Korb, welcome.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, INSTALLATIONS AND LOGISTICS)

Dr. KORB. Thank you very much, Mr. Chairman.

Senator HUMPHREY. You are free to proceed as you wish.

Do you propose to go through your whole statement?

Dr. KORB. No, I don't. I have two statements, one an unclassified statement and a classified statement that I would like to submit for the record at this time.

I have a few points that I would like to make preparatory to answering your questions.

Senator HUMPHREY. All right. It may be necessary that we go into closed session later. I hope we can avoid that.

DEFENSE READINESS

Dr. KORB. In light of the recent speculation about the current state of defense readiness, I want to set the record straight.

As you know, when this administration came into office a little over 3 years ago, we confronted some serious readiness problems. In fact, some people questioned whether our forces were capable of responding in a crisis.

The Army Chief of Staff complained about a hollow Army, and we had ships non-combat-ready for lack of qualified people and airplanes grounded for lack of spare parts.

We have confronted our readiness problems head on. We have succeeded in getting badly needed increases in defense budgets and we have spent those additional funds wisely to start the long process of upgrading our readiness.

Today, and I cannot emphasize this too much, this Department is far more ready and capable of defending this Nation's interests than it was in 1980.

As General Vessey, the Chairman of the Joint Chiefs, has repeatedly noted, the facts are that in every meaningful sense this Department is readier today than it was in 1980.

We have more people, of a substantially higher quality, than was the case in 1980 and they are far better trained. They have better equipment and more of it.

They have support available to them—more strategic air and sealift to transport them to the theaters where they might be called upon to defend the Nation's interests, and larger inventories of assets to sustain them in combat once they get there.

To amplify, active military manpower at the beginning of this year was 2.123 million—73,000 higher than at the end of fiscal year 1980.

During the fiscal year ending last September 30, 91 percent of the young people who joined the Armed Forces had high school diplomas, compared to 68 percent for 1980.

Similarly, 92 percent of these new accessions scored average or above on the enlisted entrance examination (that is, in categories I, II, or III), compared to only 69 percent during fiscal year 1980.

Improvement in the Army was most dramatic—high school graduate recruits increased from 54 percent to 88 percent of the total. This higher quality flow of people into the military is clearly reflected in lower AWOL rates—today only half of what they were in 1980.

Reenlistment, too, is higher. First-term reenlistment rates averaged 53 percent during fiscal year 1983, compared to only 39 percent during fiscal year 1980; career reenlistment rates are now at 86 percent, compared to 70 percent in fiscal year 1980.

The chronic shortage of trained, experienced personnel which we inherited has declined dramatically in this period. The shortage of Army NCO's, which was over 2,700 when we took office, will be completely eliminated by the end of this year.

The Navy's petty officer shortfall has been reduced from over 20,000 to less than 15,000, and will be reduced further to 6,700 if the Congress approves the active military manpower in our fiscal year 1985 budget request.

These improvements are also reflected in the officer corps—the Air Force and naval pilot shortage has been reduced from about 5,000 to about 1,200. The engineer shortage will be eliminated this year and Navy nuclear officers have increased by 20 percent.

In short, we have pumped significant additional resources into higher pay and carefully managed enlistment and reenlistment bonuses and those investments are clearly paying off in the quantity and quality of people in the force structure.

As I said before, these higher quality people are also better trained than has been the case for many years: The Air Force has programmed successively higher flying time for its combat crew members rising from 16 hours per pilot per month in fiscal year 1980 until it will reach about 20 hours per pilot per month during fiscal year 1985.

During fiscal year 1980-83, the Navy's flying hour program has remained high at 24 hours per pilot per month, almost at their goal of 25 hours per pilot per month.

Even with this increased training activity, we have been able to improve the materiel readiness of our tactical aircraft.

In the Air Force, average fighter/attack aircraft mission capable rates increased from 66 percent in fiscal year 1980 to 69 percent in fiscal year 1983.

Navy fighter/attack aircraft mission capable rates have increased from 53 percent in fiscal year 1980 to 60 percent in fiscal year 1983 and are projected to increase to 64 percent in fiscal year 1985.

Increased training has helped to improve safety. The number of fatal aircraft accidents in the Air Force in fiscal year 1983 was 28 as compared to 42 in fiscal year 1980.

The numbers for the Navy are 39 accidents in fiscal year 1983 as compared to 43 in fiscal year 1980.

We have established a very realistic multiservice combat training center in southern California and we are increasing the numbers of our combat units in both the Army and the Air Force that benefit from this training.

Not only do we have more people, of higher quality, and better trained than was the case in 1980, but they are equipped with more and higher quality equipment.

The Air Force's fighter attack aircraft inventory in 1980 stood at 3,813, including 497 F-15's and 160 F-16's; today that aircraft inventory includes 4,303 aircraft, including 650 F-15's and 597 F-16's.

The Navy's total fighter attack aircraft inventory has been modernized significantly. In 1980, it included only 264 F-14's, and 2 F-18's; at end fiscal year 1983 those numbers were 370 F-14's and 53 F-18's. The total number of deployable battle force ships increased from 479 in fiscal year 1980 to 513 in fiscal year 1983.

In 1980, the Army inventory of main battle tanks stood at 12,235, including only 21 M-1's; at end fiscal year 1983, the Army had a total of 13,175 main battle tanks of which 1,348 were M-1's.

Our strategic air and sealift in 1980 was seriously deficient particularly in terms of the strategic air and sealift necessary to project our combat forces into that or other theaters of interest rapidly.

We have moved quickly to address this serious shortcoming in our overall defense posture. We have acquired and soon will have completed major conversions on eight high-speed, gas turbine-powered cargo ships with a roll-on/roll-off capability that makes them ideal for the rapid deployment of Army forces.

The Air Force's strategic airlift capability is being dramatically expanded with the purchase of 50 additional C-5's and 44 additional KC-10's. When these aircraft are delivered into the inventory in 1989, they—coupled with the higher spares inventories to support increased utilization rates, and our CRAF enhancements—will yield strategic airlift capacity approximately 75-percent greater than we had in 1980.

We have also improved our combat sustainability. Since 1980 we have increased the number of combat sorties we could support by over 60 percent.

When the munitions and spare parts procurement funded in the fiscal year 1985 budget is delivered, we will have increased our level of sustainability by about 50 percent over the level inherited in 1980.

UNITREP SYSTEM

Now I am quite sure you have been reading many of the same newspapers I have this week—particularly those articles that purport to present evidence of readiness downtrends over the past 3 years.

Those data were drawn from our UNITREP system—a system designed, managed, and controlled by Office of the Joint Chiefs of Staff to measure the current readiness of our forces.

The system was designed and is intended to tell the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the CINC's of the Operating Forces, and the Service Chiefs what units are ready today to go to war on short notice, which ones aren't, and those that aren't, what resources constrain them.

Because of the continual changes in reporting standards—and other technical reasons—the UNITREP system can give a very misleading picture of changes in our true combat capabilities over time.

I would now like briefly to relate my opening assessment of the improvements we have made in our true readiness and overall capabilities to our allocation of defense resources.

FIGURE 8.—DOD FUNDING TRENDS BY FUNCTION

(TOA in constant fiscal year 1985 dollars, billions)

	Fiscal year—						Compounded annual real growth rate fiscal year 1980-85 (percent)
	1980	1981	1982	1983	1984	1985	
Force structure equipping and modernization.....	\$50.0	\$57.6	\$70.4	\$85.7	\$89.1	\$104.4	15.9
Military personnel fill readiness ¹	51.2	52.3	54.7	56.2	58.3	60.5	3.4
Peacetime force operations ²	14.4	15.8	17.6	18.3	19.0	20.6	7.4
Centrally managed materiel readiness ³	14.6	18.3	20.6	22.9	26.2	28.8	14.6
Other central logistics ⁴	15.2	17.3	19.3	18.8	18.8	23.7	9.3
Materiel sustainability.....	5.3	8.3	11.3	10.4	10.8	13.5	20.6
Military construction, facilities and other support.....	25.2	27.7	29.9	30.7	31.7	36.6	7.8
Retired pay ⁵	15.4	16.0	16.3	16.5	16.8	17.6	2.7
Total DoD.....	191.3	213.2	240.1	259.6	270.8	305.7	9.8

¹ Military personnel appropriation, individual training, medical and other personnel support.² Includes below depot maintenance, supply, fuel, and other force operating costs.³ Depot maintenance, spares procurement and stock fund augmentation.⁴ Equipment modifications and alterations, supply operations, transportation, procurement of logistics support equipments and other logistics support.⁵ Fiscal year 1985 on actual basis; other years on cash payment basis.

FIGURE 8A.—PERCENT ALLOCATIONS OF DOD FUNDING BY FUNCTION

[In percent]

	Fiscal year 1980	Fiscal year 1981-85	
		Total	Real growth
Force structure equipping and modernization.....	26.1	31.6	47.2
Centrally managed materiel readiness ¹	7.6	9.1	13.2
Military construction, facilities and other support.....	13.2	12.1	9.2
Materiel sustainability.....	2.8	4.2	8.4
Military personnel fill readiness ²	26.8	21.9	7.8
Other central systems ³	7.9	7.6	6.6
Peacetime force operations ⁴	7.5	7.1	5.8
Retired pay ⁵	8.1	6.4	1.9

¹ Depot maintenance, spares procurement and stock fund augmentation.² Military personnel appropriations, individual training, medical and other personnel support.³ Equipment modifications and alterations, supply operations, transportation, procurement of logistics support equipments and other logistics support.⁴ Includes below depot maintenance, supply, fuel and other force operating costs.⁵ Fiscal year 1985 on actual basis; other years on cash payment basis.

Please refer to figures 8 and 8A. Figure 8 shows, by function, the total DOD funding trends over the period fiscal years 1980-85. You take a look at the far right-hand column, you will see that force structure equipment and modernization has grown by a compounded annual real growth rate of almost 16 percent.

If you move down to centrally managed materiel readiness, which includes the things most people are concerned about when they talk about readiness, maintenance, spares procurement, and stock fund inventories, you will see the growth in that area has been almost 15 percent.

If you move down two more, materiel sustainability, the growth in that area has actually been the highest, almost 21 percent.

FIGURE 8B.—ANALYSIS OF DOD PROGRAM GROWTH, FISCAL YEARS 1980–85

[Percent of TOA constant fiscal year 1985 dollars, billions]

Real growth, by year, relative to fiscal year 1980	1981	1982	1983	1984	1985
Force structure equipping plus modernization	15	41	71	78	109
Military personnel fill readiness and support	2	7	10	14	18
Peacetime force operations	10	22	27	32	43
Centrally managed materiel readiness	25	41	57	79	97
Other central logistics	14	27	24	24	56
Materiel sustainability	57	113	96	103	155
Military construction, facilities, plus other installations support	10	19	22	26	45
Retired pay	4	6	7	9	14
Total DOD	11	26	36	42	60

If you turn to figure 8B and you compare the 1980–85 program in terms of real growth by year relative to 1980, you will see that force structure equipping and modernization has doubled as has centrally managed materiel readiness and the largest growth has been in materiel sustainability.

In summary, I would like to say that the Department of Defense, in our view, today is far readier to defend this Nation's security than was the case in 1980 and that trend will continue through the 1980's.

The only serious question that confronts us is whether or not we, in working with the Congress, will provide the resources that we must have to permit us to continue on the path toward adequate sustainability toward which we started moving in 1981.

Thank you very much.

[The prepared statement of Dr. Korb follows:]

STATEMENT OF
THE HONORABLE LAWRENCE J. KORB
ASSISTANT SECRETARY OF DEFENSE
(MANPOWER, INSTALLATIONS & LOGISTICS)
BEFORE THE
SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON PREPAREDNESS

Mr. Chairman, members of the Committee, I am pleased to be here today to discuss with you the vitally important subject of force readiness and sustainability.

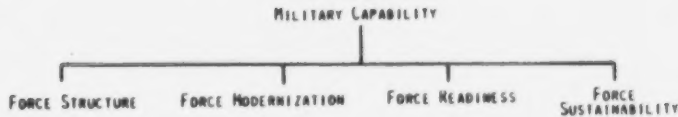
FIGURE 1

READINESS AND SUSTAINABILITY OF U.S. FORCES

- I. BASIC CONCEPTS AND DEFINITIONS
 - A. FORCE CAPABILITY
 - B. FORCE READINESS
 - C. FORCE SUSTAINABILITY
- II. OVERVIEW OF FUNDING FOR READINESS AND SUSTAINABILITY
- III. READINESS
 - A. KEY ACCOUNTS
 - B. FUNDING TRENDS
 - C. READINESS TRENDS
- IV. SUSTAINABILITY
 - A. FUNDING TRENDS
 - B. SUSTAINABILITY TRENDS

My presentation will follow the sequence outlined in Figure 1. Since Defense readiness and sustainability are so complex, so poorly understood, and the topics of so much discussion right now, I thought it might be useful to begin with a "top down" discussion of the subject in layman's language. I'll lay out some basic definitions, explain our two basic approaches to measuring readiness, and give an overview of our budget requests for FY 85 and an assessment of where we've been and where we're going.

FIGURE 2



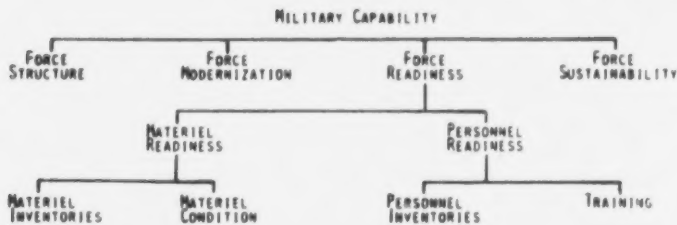
First, I want to devote a few minutes to some basic concepts and definitions. As to definitions: One of our longstanding problems in discussing defense readiness has been that "readiness" means many things to many people. Often both unsophisticated private citizens, members of the Congress, and some senior Defense officials -- both military and civilian -- have used the term "readiness" to refer to our overall defense capabilities. Several years ago, in an attempt to define our terms precisely enough that we could measure them and begin to understand how changes in resource levels influence different aspects of our overall defense capabilities, we devised and officially issued some standard basic definitions. Essentially, we now say that overall military capability is a function of four attributes:

- Force Structure: The numbers, size, and composition of the units that comprise our defense forces, e.g., divisions, ships, air wings.
- Force Modernization: The technical sophistication of all the elements of the force.
- Force Readiness: The collective ability of the elements of the force to deliver the outputs for which they were designed.
- Force Sustainability: The "staying power" of the force during combat operations, often measured in numbers of days.

Thus, "readiness" as we define it, measure it, and report on it within the Department is a much narrower concept than the size of the force or the rate at which we modernize it. Those who make such pronouncements as "you've got to modernize to be ready" merely confuse an already complicated issue. We most often use the term "force readiness" or "readiness" to mean a measure of the pre-D-day status of the force with respect to its wartime requirements for operationally available materiel, and appropriately trained manpower; "sustainability" measures post-D-day staying power.

Thus, "force readiness" is only one of the key components of the broader concept of "military capability." It should be noted that it is possible for a force to be 100 percent ready -- all equipment operational, all personnel trained -- and still not provide adequate military capability because of a deficiency in one of the other components that determine that capability, e.g., force structure. On the other hand, it is possible for a force to perform adequately in combat even though it is less than 100 percent ready. Unless we keep this distinction in mind, we can very easily confuse force modernization -- a component of military capability -- with force readiness. I emphasize this now because it will come up again when I talk about readiness trends later in my presentation.

FIGURE 3



As shown in Figure 3, "force readiness" has both materiel and personnel dimensions. Each of these is driven by the resources available to the commander for the performance of his wartime mission.

Materiel readiness for a unit involves two considerations:

- (1) inventories of equipment and supplies on-hand relative to the wartime requirement; and
- (2) the condition of this hardware relative to its ability to perform the functions for which it was designed, procured or modified.

The two corresponding considerations in personnel readiness are:

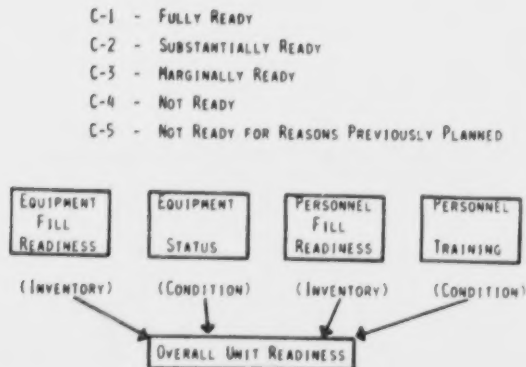
- (1) inventories of personnel on-hand relative to the wartime requirement; and
- (2) the status of training for these personnel for the functions they must perform in wartime.

Thus, factors at the bottom of Figure 3 yield our basic measures of readiness. To measure materiel and personnel inventories, we use the percentage of people and critical equipment items on-hand vs. wartime requirements as basic measures of readiness. Likewise, for training, we use the percentage of training accomplished vs. required as a basic readiness measure. Materiel condition is slightly more involved: the readiness measure we use most often here is the mission capable (MC) rate, which is essentially the average percentage of time a weapon system or equipment (or a collection of them) is able to perform the functions for which it was designed, procured or modified.

Our principal measures of unit readiness are the C-ratings (that is, combat readiness ratings) from the JCS unit status and reporting system, (UNITREP). UNITREP is designed, managed, and controlled by the Office of the Joint Chiefs of Staff. The Services collect and report their readiness statistics up through the system to the OJCS in accordance with specific Service-developed reporting rules within broad OJCS guidelines. It is important to understand that the UNITREP system was designed primarily, if not exclusively, to measure the day-to-day readiness of the operating forces. It was never intended as a tool for developing budgets and outyear financial programs; nor, because of technical coverage, does it

always give a completely accurate view of readiness trends over time; its primary purpose is to tell the Secretary of Defense, the Chairman of the Joint Chiefs, the CINCs, and the Service Chiefs what units are ready today to go to war on short notice, which ones aren't, and for those that aren't what resources constrain them.

FIGURE 4
UNIT C-RATINGS



The UNITREP assigns one of these overall C-ratings to each combat unit: C-1 (fully ready), C-2 (substantially ready), C-3 (marginally ready), C-4 (not ready), and C-5 (not ready, but for reasons previously planned). Examples of C-5 units are (1) ships undergoing scheduled overhaul, or (2) units in the process of being activated or deactivated.

For each combat-oriented unit, a C-rating is computed for each of the four resource measures described earlier. The basic readiness percentages in each of the four resource categories are translated into C-ratings in accordance with criteria that are standard across Services and equipment types. For example, if a unit has between 70 percent and 90 percent of its wartime requirement for selected critical items, it is given a C-2 rating for equipment readiness (inventory). The overall C-rating for the unit is the lowest C-rating in any of the four readiness categories.

FIGURE 5
MEASURES OF READINESS

<u>BASIC MEASURES</u>	<u>ANCILLARY MEASURES</u>	
% EQUIPMENT VS. REQUIREMENTS	MAINTENANCE BACKLOGS	EXERCISES
% PERSONNEL INVENTORIES VS. REQUIREMENTS	SUPPLY FILLRATES	REENLISTMENT RATES
% TRAINING VS. REQUIREMENTS	SUPPLY BACKORDERS	MENTAL CATEGORIES OF ENLISTEES
MC RATES	CANNIBALIZATION RATES	MATCH OF SKILLS AND GRADES VS. JOBS
	WAR RESERVE WITHDRAWALS	PERSONNEL TURBULENCE/STABILITY
	FLYING HOURS/STEAMING DAYS/BATTALION TRAINING DAYS	

In addition to the basic measures of readiness (shown on the left-hand side of Figure 5), we also use the ancillary indicators shown on the right that provide some insight into what is contributing to increases or decreases in the basic measures of readiness. For example, we would expect mission capable rates to improve as we (1) reduce maintenance backlogs; (2) reduce supply backorders; and (3) increase supply fill rates. Also, a healthy supply system, with adequate spares, is reflected in reduced cannibalizations and fewer withdrawals from war reserves. Similarly, we expect training improvements with increased training exercises and increases in flying hours, steaming days, and battalion training days. Also, the percentage of personnel inventories vs. requirements would improve with positive trends in enlistment and reenlistment rates, and the extent to which we fill positions with personnel in the required skill/grade category. The ancillary measures of readiness listed here are not all that we have; in fact, I will mention a few others in the course of this testimony.

FIGURE 6

KEY BUDGET ACCOUNTS AFFECTING READINESS

PROCUREMENT	MILITARY
- SPARE PARTS - SUPPORT EQUIPMENT - MODIFICATION KITS - MAJOR EQUIPMENT ITEMS	- PAY - BONUSES - INCENTIVES
OPERATIONS AND MAINTENANCE	STOCK FUND
- DEPOT REPAIRS - INSTALLATION OF MODIFICATIONS/ ALTERNATIONS - ALL FORCE OPERATIONS -- FLYING HOURS -- STEAMING DAYS -- BATTALION TRAINING DAYS	- PEACETIME AUGMENTATION - WAR RESERVE MATERIEL

Occasionally, we find people, less well informed than this group, who believe that all O&M funding and only O&M funding has a direct impact on readiness. This is a serious misconception. Budget accounts that have a major impact on readiness are: (1) operations and maintenance, (2) procurement, (3) military personnel, and (4) stock fund. In addition, although I have not included it here, some projects in the Military Construction account can have a significant direct or indirect impact on readiness or other attributes of Defense Combat capability.

Purchases made through the procurement accounts enhance readiness because they buy:

- some (but not all) of the spare parts needed to replace those parts that fail in our weapon systems and equipment, thereby keeping them operational;
- support equipment for calibration and repair of our defense hardware;
- modification kits to improve the reliability and maintainability (R&M) of our hardware (some R&M modifications buy "readiness;" other modifications buy "modernization;" some modifications buy both);
- equipment items (e.g., tanks, howitzers, trucks) to fill shortages in existing force structure.

These procurement accounts are very important to readiness, but there is a significant lag time between appropriation of procurement funds and the impact on readiness. Typically, it takes two years or more between the appropriation of dollars to buy spares and the delivery of these spares to the field. We are now just beginning to accept deliveries of those increased spares and repair parts procured with FY 82 funds. The full impact of these procurements on readiness will not be fully felt until late this year.

The O&M appropriation generally influences readiness more quickly and efficiently than does the procurement account. It produces quicker results because O&M funds finance depot repairs, installation of modifications, force operations, and training beginning within six months of their being appropriated. It is more efficient because repairing an item usually costs only about 15-20% of the cost to buy a new item. This difference in lag times and efficiency is the basis of our general policy that repairing an item takes priority over procuring an item of the same type.

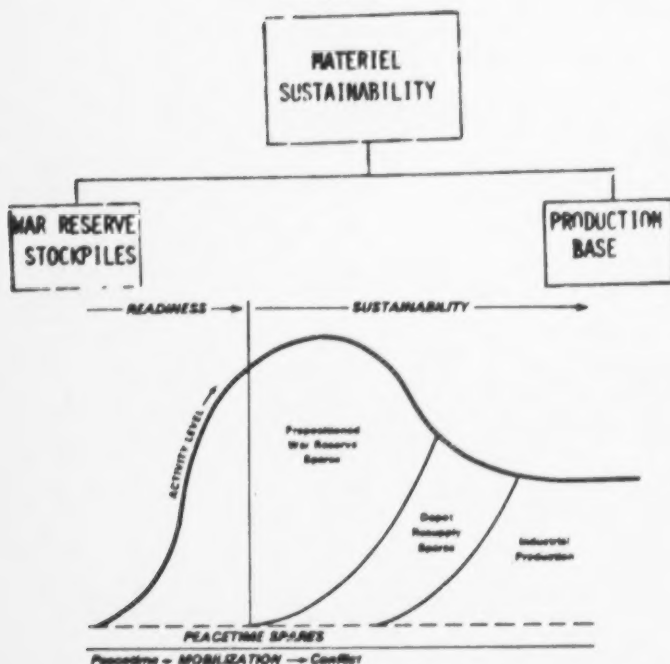
However, the fact that O&M funds spend out quickly and influence readiness quickly is a mixed blessing, because these funds are often the first to be trimmed in the budget process when near-term savings are needed. I know that the Preparedness Subcommittee understands this, but I fear that many of your colleagues do not. Sometimes cuts to the overall O&M account are made with the idea that only non-readiness-related funding will be affected. In fact, much of the O&M account that is not directly related to readiness is "fixed" and cannot readily be reduced -- e.g., base operations expenses such as utilities, food and maintenance services, and security. Thus, even general cuts to the O&M account can, and often do, end up degrading readiness.

Before I leave this area of O&M, I want to emphasize the increasing importance of O&M funding for the Navy. In FY 82 the Navy began to test stock-funding of depot-level reparable for ships. This program has been so successful that the Navy will expand the test to aircraft in mid-FY 85. This change-over will increase substantially the Navy O&M funds needed -- although not the total Navy budget -- because the Navy's operating forces will now need O&M funds to "buy" reparable aircraft spare parts from the stock fund. In the past, these spare parts were direct-funded in the procurement accounts. Thus, it is even more essential this year that the O&M account be adequately resourced and supported by the Congress.

Military pay, bonuses, and other incentives help us recruit and retain the numbers and types of people we need in our armed services. Because the Congress has been supportive of most of our initiatives in these areas over the past few years, our personnel readiness has increased dramatically.

Finally, we have the normal Stock Fund procurements (i.e., those beyond the Navy's experimental financing of reparable spares in the stock fund). The consumable spare parts, bits and pieces procured by the DOD stock funds are also critical to readiness. Although most consumable items have relatively low unit costs, a shortfall of these items can cause weapon system downtime just as can a shortage of an expensive spare part purchased through the procurement account. Periodically we must request additional Stock Fund budget authority to provide support for new weapon systems and to fund specific readiness and sustainability initiatives.

FIGURE 7



Let me conclude my discussion of basic concepts and definitions with a brief description of the critical components of sustainability, is the staying power of the force in combat. To sustain our forces we must plan in peacetime to replace those resources that will be consumed or suffer attrition during combat. These post-D-Day supplies come from either war reserve stockpiles or the mobilization production base. As shown in Figure 7, ideally, we should have sufficient stocks available and properly positioned at D-Day to meet combat consumption demands until the production base (and transportation pipeline) can be expanded to meet the demand.

Since production leadtimes for consumables (munitions and spares) and major items of equipment are long (two years or more for most items), the major emphasis of our program is on building our war reserve stocks. Our current investments in the production base are generally those needed to produce our materiel needs more efficiently or more economically during peacetime and to give us a surge capability for a crisis. Figure 7 illustrates how the pieces must fit together.

The primary components of manpower sustainability, analogous to war reserve materiel and the production base, are a pool of trained manpower to serve as replacements and unit fillers and a training base to process volunteers or conscripts in time of war. Those components must be balanced in a manner comparable to the materiel components.

With this as a background, let us now move on to a brief review of DoD funding trends with special emphasis on readiness and sustainability. The funding trends shown in Figure 8 help to describe how the Department of Defense has allocated its resources since 1980.

FIGURE 8

DOD FUNDING TRENDS BY FUNCTION (TOA IN CONSTANT FY 85 \$ BILLIONS)							
	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	COMPOUNDED ANNUAL REAL GROWTH RATE FY 80-85
FORCE STRUCTURE EQUIPPING & MODERNIZATION (ANNUAL % GROWTH)	50.0	57.6 (15.2%)	70.4 (22.2%)	85.7 (21.7%)	89.1 (4.0%)	104.4 (17.2%)	15.9
MILITARY PERSONNEL READINESS ^{1/} (ANNUAL % GROWTH)	51.2	52.3 (2.2%)	54.7 (4.6%)	56.2 (2.7%)	58.2 (3.7%)	60.5 (3.8%)	3.4%
PEACETIME FORCE OPERATIONS ^{2/} (ANNUAL % GROWTH)	14.4	15.8 (9.7%)	17.6 (11.4%)	18.3 (4.0%)	19.0 (3.8%)	20.6 (8.4%)	7.4%
CENTRALLY MANAGED MATERIEL READINESS ^{3/} (ANNUAL % GROWTH)	14.6	18.3 (25.3%)	20.6 (12.6%)	22.9 (11.2%)	26.2 (14.4%)	29.8 (9.9%)	14.6%
OTHER CENTRAL LOGISTICS ^{3/} (ANNUAL % GROWTH)	15.2	17.3 (13.8%)	19.3 (11.6%)	18.8 (-2.6%)	18.8 (0%)	23.7 (26.1%)	9.3%
MATERIEL SUSTAINABILITY (ANNUAL % GROWTH)	5.3	8.3 (56.6%)	11.3 (36.1%)	10.4 (-8.0%)	10.8 (3.8%)	15.5 (25.0%)	20.6%
MIL. CONSTRUCTION, FACILITIES & OTHER SUPPORT (ANNUAL % GROWTH)	25.2	27.7 (9.9%)	29.9 (7.9%)	30.7 (2.7%)	31.7 (3.3%)	36.6 (15.5%)	7.8%
RETIRED PAY ^{4/}	15.9	16.0	16.3	16.5	16.8	17.6	2.2%
TOTAL DOD (ANNUAL % GROWTH)	191.3	213.2 (11.5%)	240.1 (12.6%)	259.6 (8.1%)	270.8 (4.3%)	305.7 (12.9%)	9.8%

1/ MIL PERS APPROPRIATION, INDIVIDUAL TRAINING, MEDICAL AND OTHER PERSONNEL SUPPORT.

2/ INCLUDES BELOW DEPOT MAINTENANCE, SUPPLY, FUEL AND OTHER FORCE OPERATING COSTS.

3/ DEPOT MAINTENANCE, SPARES PROCUREMENT AND STOCK FUND AUGMENTATION.

4/ EQUIPMENT MODIFICATIONS AND ALTERATIONS, SUPPLY OPERATIONS, TRANSPORTATION, PROCUREMENT OF LOGISTICS SUPPORT EQUIPMENTS AND OTHER LOGISTICS SUPPORT.

5/ FY 85 ON ACTUAL BASIS; OTHER YEARS ON CASH PAYMENT BASIS.

The key points on this display of DOD funding trends are:

- The greatest real increases attained so far occurred in FY 81 and FY 82, reflecting this Administration's FY 81 Supplemental and FY 82 Amendment. Real increase tapers off in FY 83-84 with FY 85 increasing again in order to compensate somewhat for the lower growth in FY 83-84.

- Aside from the category of "Other Central Logistics," the largest percentage increase in FY 85 occurs in sustainability, reflecting in large measure the relatively low absolute level of sustainability funding we inherited in FY 80. In fact, the average annual growth for sustainability over 5 years is the highest of all the categories (21%). As you will see later in the classified portion of this testimony, these increases are essential if we are to achieve parity with our potential adversary. Congressional reductions in FY 83-84 have made the FY 85 funding even more essential.

- The next largest increases come in Force Structure and Modernization (+17.2% in FY 85 over FY 84) and Military Construction, Facilities and Other Support (+15.5% in FY 85 over FY 84). Over the past five years, Force Structure Equipping and Modernization funding grew at an annual rate of 15.9% while Centrally Managed Materiel Readiness (a critical input to overall readiness) grew by 14.6%.

- Increased peacetime force operations (as well as the "centrally managed materiel readiness") funding reflects our operation of a gradually expanding force with increasingly sophisticated equipment, at higher activity levels in support of increased training.

- The figures here demonstrate that there has been a good balance between readiness, sustainability and force structure/modernization in that most of the real growth is distributed among these functional areas.

FIGURE 9

CRITICAL MATERIEL READINESS REQUIREMENTS AND FUNDING (TGR IN CONSTANT FY 81 \$ BILLIONS)					
	FY 81	FY 82	FY 83	FY 84	FY 85
<u>DEPOT MAINTENANCE</u>					
REQUIREMENT	15.0	15.3	14.0	14.9	15.5
FINANCIAL	(12.0)	(12.1)	(13.2)	(14.4)	(15.5)
OPERATIONAL	(1.0)	(1.2)	(.8)	(.5)	(0)
FUNDING	11.6	11.8	12.7	13.3	14.6
FUNDING AS A % OF:					
TOTAL REQUIREMENT	90%	89%	90%	89%	95%
FINANCIAL REQUIREMENT	97%	98%	96%	92%	95%
<u>SPORES PROCUREMENT</u>					
REQUIREMENT	6.9	9.0	10.5	12.9	12.7
FUNDING	6.0	7.4	8.7	11.0	11.4
% FUNDING	87%	82%	84%	85%	93%

A more detailed breakout of two key materiel readiness accounts is shown in Figure 9. Spares funding has increased as a percentage of requirements since FY 82. FY 85 funds the highest percentage of requirements in recent years, even with a 77 percent requirements growth since FY 81. As a percentage of total requirements, FY 85 depot maintenance funding is also at its highest. The total depot maintenance requirement line in Figure 9, includes ships backlogged for operational reasons. The overall depot maintenance improvements have been attained mainly through management initiatives that have permitted reduction of this operational backlog. When one looks only at the financial backlog (that part of the backlog that can be eliminated with funding), we observe FY 85 is better than FY 84. Five year trends, however, are mixed and no Service has achieved a sustained improvement. As noted above, the increase in requirements flows directly from an expanding inventory of increasingly complex weapons systems and equipment that we are operating at higher activity levels to enhance our training readiness.

FIGURE 10

PERSONNEL READINESS

- % MANNING vs. STRUCTURE
- MANPOWER STABILITY
- EXPERIENCE
- OCCUPATION IMBALANCES

MATERIEL READINESS

- MATERIEL INVENTORIES
- MC RATES

TRAINING READINESS

- ACTIVITY RATES
 - FLYING HOURS
 - STEAMING DAYS
 - BATTALION TRAINING DAYS
- UNDERGRADUATE FLIGHT TRAINING

OVERALL READINESS

- C-RATINGS

I now want to discuss readiness trends using some of the standard and ancillary measure of readiness shown in Figure 10. I will discuss the personnel statistics first because they are unclassified and defer the discussion on the classified materiel and overall readiness trends, to the closed session.

FIGURE 11

PROGRAMMED STRUCTURE AND PROGRAMMED MANNING

(000)

ACTIVE COMPONENT

	<u>PROGRAMMED STRUCTURE</u>	<u>PROGRAMMED MANNING</u>	<u>BILLETS NOT PLANNED FOR STAFFING</u>	<u>MANNING AS A % OF STRUCTURE</u>
FY 83	2,051.6	1,838.8	212.8	89.6
FY 85	2,130.4	1,892.2	238.2	88.8
CHANGE	+ 78.8 (3.8%)	+ 53.4 (2.9%)	+ 25.4 (12%)	- .8%

In Figure 11, "programmed structure" is the number of billets required for full manning of all the units and organizations in the force, excluding overhead (individuals, trainees, etc.). "Programmed manning" is the number of these billets that the Services plan to fill. From FY 83-85, programmed structure increases by 3.8% (78.8K spaces), representing the growth in force structure required to meet our defense commitments and to operate new weapons systems. In the same period, programmed manning increases by only 2.9% (53.4K spaces). Staffing is growing at a slower rate than structure, largely because Congress denied most of the end-strength increase we requested in FY 84, and we are not able to buy back all the necessary end-strength in the FY 85 budget. As a result, billets not planned for fill increased by over 25K for FY 83-85. This equates to about a 1% reduction in the percent of the structure that will be manned in FY 85 relative to FY 83. Most of this manpower shortfall is found in the Navy, where structure is increasing at a faster rate than the Navy can fill it. The Air Force has a similar problem, but to a lesser degree. Service assignment policies to man fully the most critical units (especially deployed units) will reduce the risks associated with this problem. However, it is imperative that the Congress approve the active military manpower strength that we request in FY 1985 so that we can field a balanced, modern, expanded force structure.

FIGURE 12

DOD MANPOWER STABILITY

1. <u>AGGREGATE</u> <u>(% REMAINING</u> <u>IN FORCE)</u>	<u>ACTIVE COMPONENT</u>				
	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>% CHANGE</u>
OFFICERS	90.8	92.2	92.7	93.1	+ 3.2 %
ENLISTED	80.7	82.3	83.9	83.8	+ 4.7 %

2. <u>UNIT STABILITY</u> <u>(% REMAINING IN UNITS)</u>					
OFFICERS	47.1	49.3	49.6	49.0	+ 3.4 %
ENLISTED	42.6	44.1	44.0	45.1	+ 5.1 %

Force stability contributes to readiness by increasing unit cohesion and effectiveness. The aggregate stability percentages shown in Figure 12 represent the percentage of personnel who remain in service over the period of a year. This measure captures the net effect of retention and attrition. From FY 80-83, aggregate stability for both officers and enlisted has increased.

The unit stability measures are the percentage of personnel who remain in the same unit over a period of a year at battalion, squadron and ship level. More continuity means that unit performance and readiness will increase. From FY 80-83, unit stability has increased. This has occurred because we are doing a better job managing assignments, extending tours, and reducing moves.

FIGURE 13

EXPERIENCEACTIVE COMPONENT

	<u>FY 80</u>	<u>FY 83</u>	<u>FY 85</u>
TOP 6 (E4 - E9)	59%	64%	66%
ENLISTED > 4 YEARS	41%	45%	46%

The measures shown on in Figure 13 address the importance of enlisted leadership and experience. More complex weapons systems and missions require a more senior and experienced force. Readiness will improve as we match the experienced inventory to these growing grade requirements. Although we are still in the process of setting our goals for these measures of personnel readiness, we believe that the projected FY 85 percentages shown here are closely approaching optimum levels.

The top six enlisted grades -- (E4 - E9), the guts of the operating forces -- will increase from 59% of the enlisted force in FY80 to 66% in FY85. But the average grade of the enlisted force does not increase as rapidly -- meaning we are promoting relatively more experienced people into the senior enlisted grades. This experience growth is also reflected in growth in the enlisted career force -- up from 41% in FY80 to 46% in FY85. This situation is the result of improved retention, largely due to compensation incentives and judicious use of selected reenlistment bonuses. These programs are now paying dividends in improved readiness, but progress could be halted or even reversed if we do not continue to support them.

FIGURE 14

	<u>OCCUPATIONAL IMBALANCES</u> (000)			
	<u>ACTIVE COMPONENTS</u>			<u>% CHANGE</u> <u>FY 83-85</u>
	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	
<u>ENLISTED</u>				
OVERAGES	63.9	45.2	36.4	- 43
<u>SHORTAGES</u>	<u>34.5</u>	<u>31.2</u>	<u>35.1</u>	<u>+ 2</u>
OVER + UNDER	98.4	76.4	71.5	- 27
(% TOTAL ENLISTED)	(7.7)	(6.0)	(5.5)	- 29
EXCLUDES USAF				

Another component of manpower readiness is the ability to fill billets with personnel having the right training and skills. The data in Figure 14 measure current and projected occupational imbalances in the active enlisted force. Over-staffed occupations are being reduced steadily -- down 43% between FY 83-85, as a result of aggressive management of the enlisted force, retraining and reassignment, and denial of reenlistment in over-strength skills. Shortage occupations increased a little (2%) as a result of faster growth in structure than can be accommodated by outputs from training. But this structure increase is smaller than the total growth in unfilled billets and, in general, the situation is stable. Over the past several years we have moved closer to our ideal goal of 0 percent over-or-under strength occupations, with a decline from 7.7% in FY83 to 5.5% in FY85. Perfection is probably impossible in this area, but we are getting better.

FIGURE 15

ANCILLARY MEASURES OF TRAINING READINESS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
TOTAL STUDENT LOAD	117,339	182,481	199,830	197,065	207,403	213,834
UNDERGRADUATE FLIGHT TRAINING OUTPUT	5,072	5,865	7,919	7,767	7,725	8,023
TOTAL ACTIVE FLYING HOURS	5,627	6,794	6,952	7,089	7,160	7,326
NON-DEPLOYED STEAMING DAYS/SHIP/QUARTER	28.6	29.1	29.0	27.0	29.0	29.0
BATTALION TRAINING DAYS	N/A	N/A	58,571	58,992	56,475	57,504

can be seen in Figure 15, almost all of these training readiness measures are trending up. Total student training load is increasing due to the addition of new courses, lengthening of existing courses, increased enlisted accessions, and in the Army, increased personnel turnover due to higher reenlistment standards.

Total undergraduate flight training output is also trending up. However, the overall upward trend is almost totally due to the increased output in the Army required by training requirements for new aircraft as well as force structure enhancements. Flight training output in the other Services is in fact trending down slightly due to excellent retention of pilots, navigators, and flight officers.

Total active flying hours are increasing both in the aggregate and for each Service. Although some of the increase is due to a larger force, the statistics for flying hours/crew/month are trending up also. For FY 85, Navy tacair crews will average 24 hours/month vs the goal of 25 hours; Air Force tacair crews will average 20 hours vs their goal of 21 hours.

Our non-deployed fleets -- the 2nd and 3rd -- are in essence our training fleets. The Navy's goal for training operating tempo for these fleets is 29 steaming days per ship per quarter. You can see that we have been able to meet this goal in most years. The FY 85 budget also provides adequate funding to meet our steaming days goal for our deployed fleets of 50.5 days per ship per quarter.

The downtrend in total battalion training days is the result of a reduction in the number of Army battalions; however the number of training days per Army battalion is actually remaining steady at about 162 per year. We have increased the number of battalion training days for Marine battalions.

Mr. Chairman, let me summarize my presentation in this open session by saying that we have carefully distributed the very necessary additional resources that the Congress and the American people have provided for the Nation's defense beginning in FY 1981. These larger Defense budgets have been designed to provide a modestly expanding force structure, tailored to deter and defend against the most significant threats to our security; selectively modernized; with gradual but steady improvements in our forces' readiness; and with similarly gradual and steady expansion of our ability to sustain those forces in combat.

When we look across the Services, both recent readiness trends and prospects for the future, we conclude that, in general, the Department can anticipate continual, gradual improvements in the readiness of its forces.

But there are still some problems. Army equipment shortages are serious and will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement. Another potentially serious trouble spot on the horizon is active military manpower -- not in terms of the near-term supply that is available from the national manpower pool, but because of our uncertainty about the Congress' willingness to approve the active military manpower increases that we must have to man an expanding Navy and Air Force structure. Clearly, not all of our readiness-related programs are fully funded. The stiff competition for resources within the Department and the need to balance those competing demands do leave us with less than full funding of spares procurement in some Services, as well as some unfinanced maintenance backlogs that will remain at end-FY 85. These realities make it even more imperative that the Congress support the funding that we have requested to continue our steady improvement in Defense readiness and sustainability in FY 85 and beyond.

The remainder of my statement addresses Army equipment shortages, mission capable rates, unit readiness trends and our combat sustainability support posture. This information is classified and has been provided to the subcommittee in a classified statement.

Mr. Chairman, this completes my prepared statement on readiness and sustainability. I will answer any questions the Committee may have at this time.

Senator HUMPHREY. Thank you, Dr. Korb.

Inasmuch as Senator Wilson has to leave shortly, I would suggest that we turn to the first item on the agenda which is S. 2100, a bill that is before the subcommittee today.

Senator Wilson, do you want to describe it?

Senator WILSON. Thank you very much, Mr. Chairman.

I appreciate your courtesy and apologize for the interruption of Dr. Korb's testimony. I don't think I will delay him or the subcommittee long.

As is stated in the letter of endorsement, received from the Department of the Army, the purpose of the bill is "To authorize the Secretary of the Army to sell ammunition for use for avalanche-control purposes."

Mr. Chairman, California and several other mountain States annually experience heavy snowfall and with that the threat of avalanches.

In order to keep roads open and to avoid the danger that occurs from the threat of avalanches, they have for a number of years used surplus ammunition which they have obtained from the Department of the Army through the Defense Department disposal service in order to manage avalanches by causing small ones and avoiding an unplanned larger and dangerous avalanche.

The sole purpose of this legislation is to give the Secretary authority, which he now does not have, that will empower him to sell ammunition, not just through the Defense Department disposal service, but newer and much more reliable ammunition that will avoid the problem that we have encountered in having unexploded rounds remaining in a potential avalanche area.

It is favored by the Army. It is wholly reimbursed by the States making the purchases from the Department of the Army. I know of no objection.

The Department of Transportation of the State of California and I think several other States and the Secretary will be grateful for this landmark legislation.

Senator HUMPHREY. Is there discussion?

Senator LEVIN. There is no cost to this?

Senator WILSON. It is fully reimbursable. The cost to the Army is paid by the State.

Senator LEVIN. That is newsworthy.

Senator WILSON. No money, no ammo. The fact is that they have been using 75- and 105-millimeter ammunition.

Senator HUMPHREY. Any further discussion?

Senator WILSON. I will be happy to have an amendment allowing an experiment in the State of Michigan for larger caliber, heavier ammunition. [Laughter.]

Senator LEVIN. We don't get enough in the defense budget.

It sounds like another good effort of the Senator from California.

Senator HUMPHREY. I propose we approve the bill unless there is objection.

Without objection, the bill is approved.

Senator WILSON. Thank you, Mr. Chairman.

Senator HUMPHREY. I want to next welcome the subcommittee's newest member, Senator Alan Dixon of Illinois.

Senator DIXON. Thank you, Mr. Chairman.

Senator HUMPHREY. We look forward to working with him, confident that his addition to the subcommittee will help us greatly in our deliberations.

Do other members have opening statements they wish to make?

Senator LEVIN. Mr. Chairman, I join in welcoming Dr. Korb this afternoon. The views that I have on our readiness and preparedness are somewhat different from Dr. Korb's.

Very briefly, let me explain them.

A close examination of the record of the past 3½ years leads to the inescapable conclusion that the Reagan administration has committed many of the same sins for which it attacked its predecessors.

The one sin for which the Reagan administration could not blame previous administrations—that of spending too much on defense—it alone has committed. Yet this sin has only compounded the negative effects of the others it repeated, and the results are the same—declining unit readiness, insufficient wartime sustainability, and growing backlogs of essential maintenance.

This administration now must explain to the people why, after throwing all the bold words and many dollars at our defense problems in the past 3½ years, the following is true:

In the fall of 1983 there were fewer Army divisions that were either ready or substantially combat ready than there were in 1980.

The financial depot maintenance backlogs for fiscal year 1985 are almost twice as high as they were in fiscal year 1981, after excluding inflation, and after DOD declared 2 years ago it would totally eliminate these backlogs.

While Navy surface ship personnel readiness has dramatically increased due to congressional pay initiatives and a poor civilian

economy, readiness deficiencies in supplies and equipment on hand and training have remained relatively constant.

Supply readiness has declined sharply in both the Army and Air Force.

Monthly flying hours per crew for the Navy's frontline tactical combat and ASW aircraft have, with few exceptions, fallen between 4.6 percent and 22 percent from fiscal year 1982 to fiscal year 1985.

There are many other readiness trends which are disturbing. I do not believe that the administration can explain away these disturbing trends by claiming that the readiness reporting systems are deficient or that not enough time has elapsed for their efforts to have the advertised impacts.

When this administration ran against its predecessor, it would not accept the same excuse raised about deficient reporting systems. If the standard was good enough to use then, it is good enough for the American people to use now.

And this administration is quick to point to its immediate actions to increase defense spending as far back as fiscal year 1981, when it took office.

Ample time has elapsed for additional spares to be manufactured and the additional flying hours per frontline combat aircrew to be flown.

Unfortunately, a look at the Reagan readiness report card shows this administration has created a defense program that spends too much for vulnerable surface ships and redundant strategic nuclear weapons while spending far too little on the nuts, bolts, and staying power of conventional forces readiness about which Dr. Korb has spoken on past occasions, when he has highlighted shortfalls in readiness and sustainability.

I would hope this afternoon to have an opportunity to go into some of the differences in tone between what Dr. Korb said a few months ago in his speech entitled "Nuts, Bolts, and Staying Power," and what he is saying today.

For instance, just a few months ago Dr. Korb said: "The forces assigned to our Unified Commanders are not as sustainable as they should be and will not be for the foreseeable future."

Today, the tone is very different now that we have some of the figures showing shortfalls in readiness.

In the same speech that I just quoted, Dr. Korb said that: "Our Armed Forces were in a dangerously low sustainability posture," dangerously low sustainability posture, just a few months ago.

I think you were right a few months ago. I think this subcommittee's task is to try to improve our readiness, to try to improve our sustainability and to make sure that the proportions of whatever budget we end up with, whether we have 3-percent growth, 5-percent growth, 13-percent growth, whatever the percent growth, that the right proportions go to readiness and sustainability and that we are not overwhelmed in making downpayments on weapon systems that in the future will soak up more and more of our readiness dollars.

Mr. Chairman, that is the end of my opening statement. I will have some questions later.

Senator HUMPHREY. If that is your opening statement, I can't imagine what your closing statement will be. [Laughter.]

Senator LEVIN. It depends on how Dr. Korb answers my questions.

Senator HUMPHREY. Senator Nunn.

Senator NUNN. I don't have an opening statement. I will have questions.

Senator HUMPHREY. Senator Dixon.

Senator DIXON. I have no opening statement, Mr. Chairman.

Senator HUMPHREY. Senator Levin.

Senator LEVIN. Dr. Korb, what about your statements of a few months ago that: "The forces assigned to our Unified Commanders are not as sustainable as they should be and will not be for the foreseeable future," and "that our Armed Forces were in a dangerously low sustainability posture"?

Was that true?

Dr. KORB. I would say yes, I said it and I meant it. They are better than they were in 1980, but it is going to take a long time to get to the level where I think they should be.

For example, in 1980 we had six tactical fighter squadrons based in the United States that had no sustainability at all because they weren't supposed to have any.

Other tactical fighter squadrons at that time were judged on whether they had 15 days of sustainability.

Now, we have 20 more squadrons and they are all judged on 30 days of sustainability and they have improved, they have more sustainability than they did then and they are getting close to 30.

I would like to see them have 60 days of sustainability. If you compare 1983 to 1980, you will find they are a lot better.

I am not satisfied. I would like to see more. That is one of the reasons in this year's budget I fought for and got a very large increase in the sustainability portion of our budget because those views I expressed there last fall in Dayton, Ohio, to the Air Force Association, may have had impact on the leadership of the Air Force as well as other services and they came in with more money for sustainability of forces in the budget.

Senator LEVIN. Is it not true, Dr. Korb, that in the fall of 1983 there were fewer Army divisions either fully or substantially combat ready than in 1980?

Dr. KORB. Based upon the standards in existence in 1983, that is true, but the standards changed.

As General Vessey pointed out the other day, in speaking to the press, the standards by which we judge combat Army divisions' readiness in 1983 are much more rigorous than they were in 1980.

If you want to compare, then you have to hold things constant. The UNITREP system does not hold things constant.

You mentioned in your opening statement that we are attempting to explain it by technical adjustments. I am not trying to do that, but what happens is the criteria are much more rigid.

As General Vessey noted the other day, Army divisions' tank battalions were not judged on whether or not they get the M-1 tank. Now, the standard is the M-1 tank.

Senator LEVIN. That same argument was made by Defense Secretary Brown in the last administration that these standards change

over time. This administration ran pretty hard against that, using the readiness C ratings. Here are the full-page ads published back then using those same ratings. Now you say you can't rely on those ratings.

You asked the American people to rely on them 3 years ago. You ran against the last administration based on those ratings. Now you say you can't rely on them because they change from time to time.

Dr. KORB. They are internal management tools. If you go back to 1980, and I happened to be coauthor of an article on military readiness, which I think led to a lot of this discussion, it was not just the C ratings. You took a look at other things.

You had the first tactical fighter squadron at the Langley Air Force Base that could only get 35 percent of its planes in the air. You had ships tied up because they didn't have qualified people.

We don't have those things now. If you look at readiness ratings and look around and, as General Vessey said, use your commonsense, you will be led to the conclusion we had in 1980.

Right now if you use your commonsense, I think you are led to a much different conclusion.

Senator LEVIN. Would you agree with this statement. "These reports are based on references to the military C rating system and are misleading, that they are peacetime management devices identifying problem areas and they are not exactly applicable in a wartime setting."

Do you agree with that statement?

Dr. KORB. That is correct.

Senator LEVIN. That is what Defense Secretary Brown said in October 1980.

Dr. KORB. I agree with Dr. Brown.

Senator LEVIN. I didn't see you coming to his defense in 1980.

Dr. KORB. He did not ask me.

Senator LEVIN. Would you have?

Dr. KORB. Certainly. The C rating must be examined in consonance with a lot of other indicators.

In 1980 I didn't know the standards that were used—those are classified indicators—also keep in mind that if you want to use those reports, you ought to have the written narrative that goes with them. Nobody has looked at the written narrative. They are classified documents. If you only examine the figures, you only get part of that picture.

Senator LEVIN. So, the figures are misleading?

Dr. KORB. No. If you understand the context in which they are used, if you look at the written narrative and look at the standards, they will tell you something that managers need to know.

Senator LEVIN. We hope you will take a look at some of the full-page ads with which this administration ran against the last one. These are the same types of figures that you now say are only peacetime management figures and that they don't reflect much and that you have to look at the narrative and background to understand.

I don't see any footnotes in those aids saying "Take this with a grain of salt."

I am delighted to hear you agree with Dr. Brown's explanation, that he was absolutely right. No one sprung to his defense in October 1980 when he explained exactly what these ratings are.

Is it not true that Air Force tactical readiness declined dramatically from 1980 to 1983?

Dr. KORB. As I explained in my statement earlier, the standards are different.

For example, in the area of sustainability, as General Gabriel has mentioned before the Congress 2 days ago, there were six fighter squadrons that didn't need any combat sustainability to be ready. Also, some squadrons were only required to have 15 days of wartime spares. Now they all need 30 days.

Also you could not, back in 1980, report a spare engine below C-2. Now you can report it all the way down to C-4.

I can go on and on about how the standards were changed.

Senator LEVIN. Were they changed from 1970 to 1980?

Dr. KORB. I have no idea. No one made the argument in 1980 that the unit readiness was getting better or worse as people are doing now. That is the difference between 1980 and 1983.

Nobody said back in 1980 that the unit reporting system shows things are better or worse than they were in 1970.

What we are talking about now is comparison over time.

Senator LEVIN. Let us talk about the standards and whether they have been improved or whether they are being degraded by the administration.

Is it true that the number of Army divisions and separate brigades that are required to meet our highest readiness standards have been reduced.

Dr. KORB. Again, the readiness relative to the standard is reduced, but the standard is more rigorous.

Senator LEVIN. Is it not true that fewer Army divisions and separate brigades have been assigned higher personnel and equipment readiness requirements?

Dr. KORB. That is right, the standards have increased. That is the point I am trying to make.

Senator LEVIN. You say the standards have been increased? I am asking here whether they have been decreased for many Army units?

Dr. KORB. That is right. The yardstick against which you are measuring is more rigorous because the Army has changed what they call the TO&E.

Senator LEVIN. What you are saying in this particular specific question is that the number of Army divisions and separate brigades that are required to meet, not that do meet, but that are required to meet, our highest readiness standard has gone up?

Dr. KORB. I am not sure I understand.

What I am trying to say here is that the requirements that you have to meet in order to be rated C-1 or C-2 are now more rigorous than they were 3 years ago.

Senator LEVIN. How about monthly flying hours per crew for the Navy's frontline tactical combat and antisubmarine warfare aircraft?

An hour is an hour, it is still 60 minutes.

Is it not correct that with few exceptions that this readiness measurement has fallen between 4 percent and 22 percent in the last 2 years?

Dr. KORB. Basically it is 24 hours the whole time.

Senator LEVIN. It has not fallen?

Dr. KORB. No, sir. The aggregate is 24 hours.

[See chart, p. 1856.]

Senator LEVIN. I think I have probably gone beyond my first round, Mr. Chairman.

Senator HUMPHREY. Senator Nunn?

READINESS RATING

Senator NUNN. Dr. Korb, what do you call the readiness rating?

Dr. KORB. Unit reporting system.

Senator NUNN. Is that what we are using, the unit reporting system?

Dr. KORB. The unit report system is the reporting system that is done by the commanders in the field, given to the Chairman of the Joint Chiefs of Staff and the Secretary of Defense.

It is the commanders' assessment of where he is now relative to standards that have been imposed by the JCS and by the Service.

Senator NUNN. How would you describe that usefulness? What are they supposed to be used for?

Dr. KORB. They are supposed to give the Chairman and the Secretary a picture of how things are in the field.

Senator NUNN. You said the other night on the McNeil-Lehrer program that these figures were leaked and the information was never intended to come out.

Dr. KORB. That is correct.

Senator NUNN. I have a Department of Defense release by Secretary Weinberger, dated December 28, 1983. He says, "As a result of our readiness improvement in the last 3 years, 39 percent more of our major military units are now characterized as fully or substantially ready for combat."

Is this a leak?

Dr. KORB. In other words, he does not break them down——

Senator NUNN. That is why you start seeing the Army and Air Force going down?

This unit comparison of ships in the Navy has gone up based on personnel readiness?

Dr. KORB. That is right.

Senator NUNN. Breaking them down, it is a leak when it shows Army and Air Force is going down, but putting it out in one lump sum which masks what has been happening in the Army and Air Force and it showing good things happening, that is fine, is that right?

Dr. KORB. No; I think we are mixing up a couple of things.

Senator NUNN. This comes from the same rating.

Why is it a leak, because I was the one that asked the questions of the Secretary of Defense and a lot of other people based on unclassified information.

How can you say that is a leak?

Dr. KORB. In talking on McNeil-Lehrer the other night, I said those reports and details in them were not intended to come out.

Senator NUNN. Unless they are favorable?

Dr. KORB. No, I didn't say that.

Senator NUNN. That is where we are. This is favorable when viewed by the Secretary of Defense.

Dr. KORB. What we are talking about here is a figure that he used, and again without breaking it down into the specifics, I will acknowledge that given the way in which those reports are made, that was probably not a good figure to use.

In fact, if I had input into that, I would have said (A), don't use it, and (B) if you use it, point out it is even better because the standards are more rigorous.

I think the increase for the Navy would be even higher if we didn't have more rigorous standards.

In other words, he was understating the case.

Senator NUNN. I understand it is more rigorous as you modernize.

Dr. KORB. It should be.

Senator NUNN. Isn't that part of modernization?

Dr. KORB. Not necessarily for sustainability standards. I don't have a great deal to do with modernization. Standards for forces with the M-1 tank would be more rigorous.

Senator NUNN. You said you turned this trend around in the 1983 budget and got more money in sustainability, and so forth.

Does that mean in the other budgets of 1982, 1983, and 1984 the trends were adverse and sustainability and readiness were not being represented as a balanced part of the budget?

Dr. KORB. I think the programs submitted to the Congress were balanced. By the time they got through the appropriation process they were somewhat out of balance.

Senator NUNN. Will you furnish the tracking system on the last three budgets on that so that we can see what the requests were and what happen?

Dr. KORB. Yes.

[The information follows:]

CONGRESSIONAL ACTION ON DOD APPROPRIATION REQUEST

Congress automatically receives documents that summarize Congressional action on DOD Appropriation requests. Rather than repeat that information, I shall refer to figure 1, that displays requested and appropriated funding for munitions, and to figure 2, that displays requested and appropriated funding for peacetime secondary item procurement. You can see that there have been significant cuts to our funding requests. In the munitions area, we would now be considerably closer to the "prudent risk" level if Congress had granted our requested funding. Reductions to secondary item procurement made in the absence of corresponding reductions to weapon system procurement and training operations tend to underfund readiness and place our programs out of balance.

Figure 1

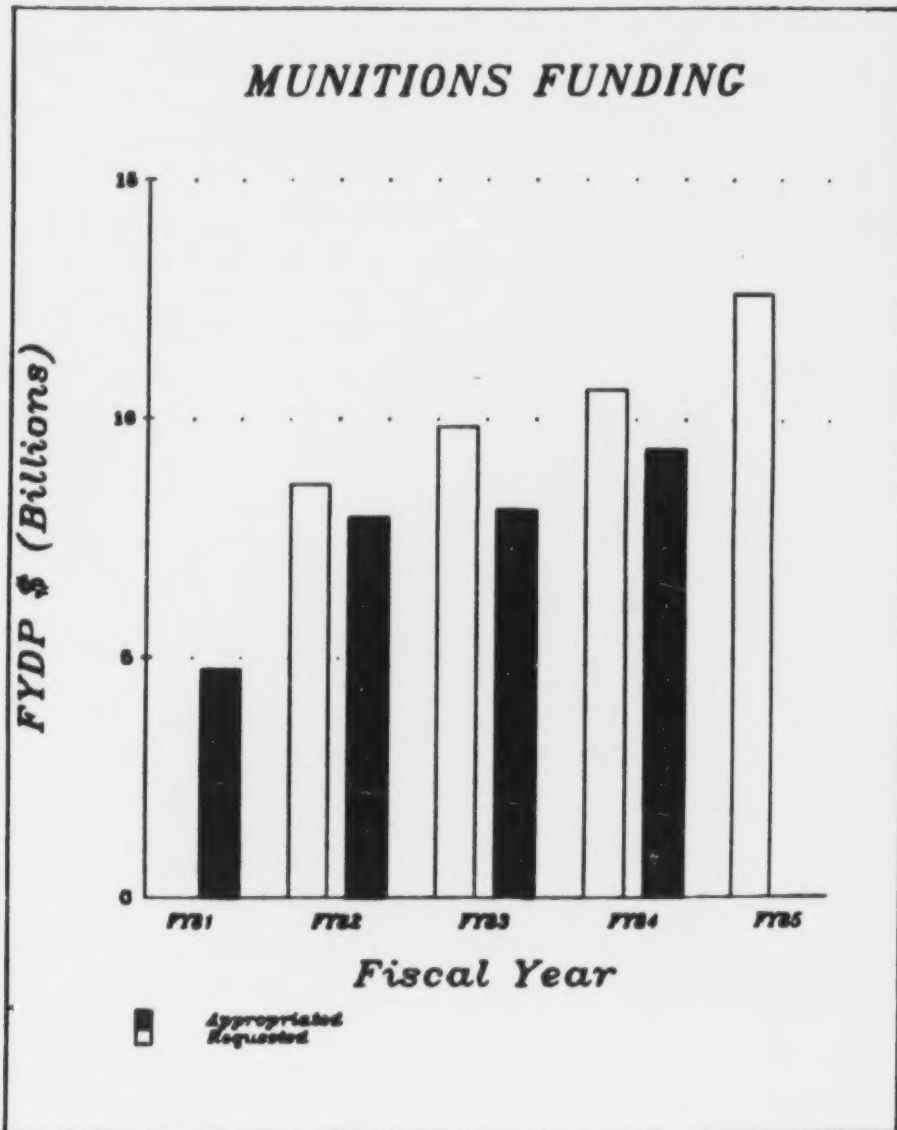
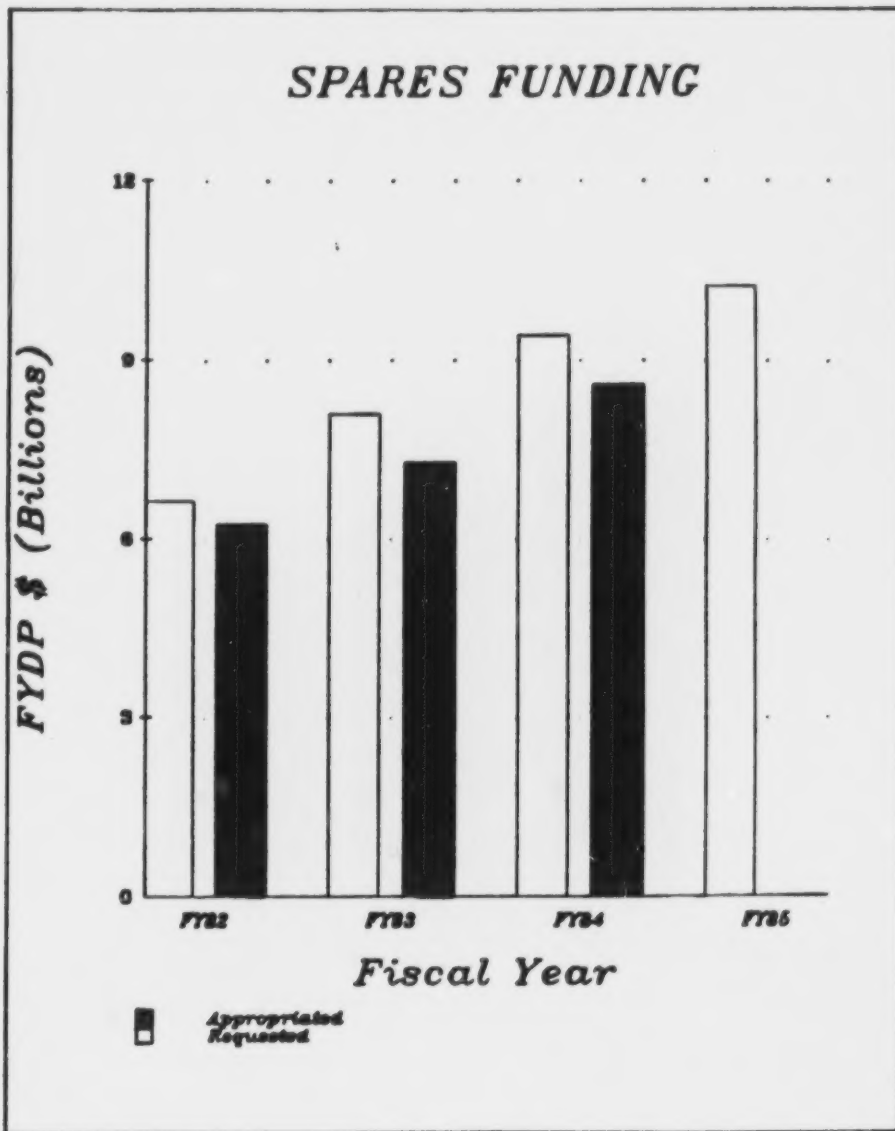


Figure 2



Senator NUNN. Is there a separate battalion measurement?

We figure the unit in the Army. Don't we speak of the unit as being a division?

Dr. KORB. That is correct.

Senator NUNN. Is there a separate measurement for a battalion?

Dr. KORB. I believe there is. Again, these documents are not under the purview of my office. They are the Operational Commander's.

Senator NUNN. Have you any battalion assessment?

Dr. KORB. I have not seen any. General Vessey the other day referred to a drop in the number of tank battalions that are no longer C-4.

I am sure these data are available.

Senator NUNN. General Vessey says the total number of Army battalions—I think he conceded the divisions have gone down in readiness. He says "The total number of Army battalions combat ready, which perhaps is a better indicator, is up substantially over that period."

In your position you have never seen those numbers?

Dr. KORB. No. But I do know after he made that comment I checked on him. I can recall that the number of battalions that were no longer C-4 had dropped. It was 27 percent in December 1980, dropped down to 12 percent in December 1983.

Senator NUNN. That is not what he said. That was a separate statement when he said the number rated low had gone down.

He said the total number that were combat ready had gone up. That is different.

Dr. KORB. He said the number that were no longer rated combat ready, double negative. He was talking about the C-4. That number had gone down.

Senator NUNN. I agree with that. Then he also said, "The total number of Army battalions that are combat ready, which is perhaps a better indicator, is up substantially over that period."

Dr. KORB. I have no data.

Senator NUNN. You have never seen that?

Dr. KORB. No. Again I am not in the operational chain of command.

Senator NUNN. I know. But you are pretty far up there looking at all this.

Isn't it strange that the Chairman of the Joint Chiefs has identified this now and you indicated you have never seen it in your capacity?

He said that is a better indicator than the one you are saying.

What does that tell us about management and the way we measure output?

Wouldn't you like to know what the best indicators are?

Dr. KORB. I certainly would, and I have been working with the Joint Chiefs of Staff and our Program Analysis and Evaluation Office for the last year or so trying to develop a better indicator.

Long before this process came up I was not satisfied with the indicators that are used, and I have been trying to get an agreement on a better system.

Senator NUNN. I agree with you completely. I think the system was woefully inadequate to measure output and readiness in 1980 and I think it is woefully inadequate now.

I think we need a better way to measure output, if we are to justify the defense dollars going in.

Dr. KORB. We don't use the UNITREP system to build our budget. We might say that a unit should have 60 days of sustainability. If the combat commanders want to rate themselves against 15, 30, 45, that is different.

When I review the budget, I use the Defense Guidance figures and I push for more sustainability. I am trying to attain 60 days in the near future. I am not worried about what commanders might be looking at at the present time.

Similarly, when I look at readiness rates, I look at mission capability rates rather than the type of aircraft. I am happy if the M-60 mission capable rates are high and I am not concerned if a unit does not have the M-1 because if we go to war, we will go to war with the M-60A3's because the M-1's will not be there.

I look at it differently.

Senator NUNN. I think it is important to have measurements that can be constant over the years so that we can have some idea where we are going.

The question is not whether we are more ready now in 1984 than we were in 1980.

The real question is whether we have increased the readiness proportionate to the number of dollars that we have expended because I would stipulate and say without any doubt we are more combat ready now overall that we were in 1980, if nothing else, just on the personnel account which has gone up dramatically, both because of the recession and because of more money going into personnel.

When you have 22 percent real increase in dollars going into the O&M account and, as you say in your statement, that is not the only account that affects readiness, it seems to me what we ought to be trying to devise and answer now is whether we have indeed gotten anywhere close to that degree of improvement in equipment readiness.

Dr. KORB. I couldn't agree with you more, Senator, and that is something I have been striving mightily to do.

It is very difficult analytically, to determine how to allocate the next dollar in order to maximize readiness output.

Senator NUNN. The Washington Post article the other day that General Vessey was challenging in his press conference, which many of us had not read, was interesting to me.

Will you tell us what was wrong in that?

The headlines are always wrong. I haven't seen a headline yet that wasn't wrong.

Forgetting the headline, what was wrong in terms of the figures?

READINESS OF ARMY AND AIR FORCE

Dr. KORB. There were a couple of things wrong.

First of all, the article pointed out that the readiness of the Army and the Air Force units had declined over the last 3 years

without explaining to the reader that the criteria by which we judged them were more rigid.

It was looking, for example, at what they call the Navy's PMR, which was a funding device. It talks about how much you are funding rather than the readiness.

I think it could have said, you know, these are indicators, the standards are more rigid.

We also have the fact that there are things like mission capable rates we can use.

It also talked about the fact we can't just look at O&M accounts and balance them off against procurement because, as you pointed out, there are things in the procurement account that you buy that help readiness and sustainability.

Senator NUNN. What you are saying is that the article did not give the complete picture, but you are not saying anything in there was erroneous?

Dr. KORB. It could lead to an erroneous conclusion which is what the headline people like to pull out.

Senator NUNN. That is their job, isn't it?

Dr. KORB. I don't want to comment on their job. I have enough trouble with my own.

Senator NUNN. I think my time has expired, Mr. Chairman. I will come back.

Senator HUMPHREY. Senator Dixon?

Senator DIXON. I have no questions.

NEW MEANS TO MEASURE READINESS

Senator HUMPHREY. Mr. Secretary, you mentioned a moment ago that you were seeking approval of some new means of measuring readiness.

Is that a correct inference?

Dr. KORB. Yes; what I am trying to get for the Secretary of Defense and the Department is something that helps all of us explain in common sense to the American people what is going on.

The UNITREP system is fine for its purpose, but it is not something that tells me, you or the American people what they think they need to know.

Senator HUMPHREY. We agree. We go through this exercise every year. We are always promised we will get something better.

Dr. KORB. Nobody has focused too much on the UNITREP system. We give you in our force readiness report things such as mission capable rates and flying hours, things that are better and more commonsense indicators.

Senator NUNN. Within that, the C rating system, for instance?

Dr. KORB. That is the UNITREP system. Again, we don't put them in any of our reports that we make public.

Senator NUNN. That is not accurate. This is the biggest rag sheet I have seen in a long time. This is getting ready for the 1984 campaign. That is the most public thing you have going.

Senator HUMPHREY. You do use the C rating system in helping the Congress to assess readiness.

Is there anything underway that is more objective?

Dr. KORB. We are trying to get something that meets the needs of the operational commanders as well as your needs and needs of the civilian leadership in the Department.

Senator HUMPHREY. Is that effort well along?

Dr. KORB. Yes, sir.

Senator HUMPHREY. Next year we will have it?

Dr. KORB. I hope so.

Senator NUNN. Can we get it at the beginning of the administration?

Senator HUMPHREY. There may not be a new administration.

Senator NUNN. Beginning of the new administration, even if it is the present one reelected, otherwise it will be so hopelessly politicized as it was in 1980.

Dr. KORB. In 1980 no one ever compared them over time. Those were used in relation to a lot of other commonsense indicators. I think if we knew what standards were in 1980, we would see how lax the standards were compared to today.

Senator HUMPHREY. I will defer now to Senator Levin.

I have some more questions, but I am having research done in the meantime.

MONTHLY FLYING HOURS

Senator LEVIN. I asked you about the monthly flying hours per crew for the Navy's front-line tactical combat ASW aircraft.

I asked you if it was not true they had gone down in 1982 to 1985, with few exceptions, from 4.6 to 22 percent.

You answered no.

Dr. KORB. I said that the average flying hours per pilot per month was 24 hours over that time. I can get figures for you on specific squadrons.

You also have to take a look at the people that get involved in operations. The Navy has been involved in a lot of operations, but the average budgeted number has remained at 24 hours per crew per month over that period of time.

Senator LEVIN. I am just reading your report.

Going to the Navy aircraft, A-6s, down 25 to 23; KA-6s, down 27 to 21; A-7s stayed even at 23; F-14s, down from 23 to 21; E-2, down from 36 to 29; SA-3s, down 29 to 26; SH-2s, 22 to 21; and P-3s from 43 to 41.

I go through all the aircraft on your list. Seven are down, two are the same and one is up, Navy aircraft.

Dr. KORB. Again, the average has been about 24 in the period for which they were funded.

Senator LEVIN. You have readiness implications of collective unit training for the Departments of Defense? On page C-3?

Dr. KORB. Senator, you are just reading tactical air which is one part of the thing. We have lots of others besides tactical air.

Senator LEVIN. Isn't that the cutting edge?

I said front-line tactical combat in ASW. You disagree with that?

Dr. KORB. I said average flying for all Navy pilots.

Senator LEVIN. Then you are not disagreeing with your statement?

Dr. KORB. I don't disagree with those figures.

Senator LEVIN. You sounded as though you disagreed.

Dr. KORB. I apologize.

Senator LEVIN. Now, I will restate the question.

Would you agree that the monthly flying hours per crew for the Navy's front-line tactical combat in ASW aircraft have, with few exceptions, fallen between 4½ and 22 percent in fiscal year 1982 to fiscal year 1985?

Dr. KORB. Senator, I have a classified report that I can refer to which we furnished the Congress in February of 1984 that has the exact numbers for tactical air flying hours per month per air crew.

I can show you this right now if you would like to take a look.

Senator LEVIN. I have an unclassified.

Dr. KORB. This report we furnished to the Congress is classified "Secret," dated February 1984.

Senator LEVIN. Let me ask my question again.

Would you agree that the monthly flying hours per crew for the Navy front-line tactical combat in ASW aircraft have, with few exceptions, fallen from 1982 to 1985?

Dr. KORB. Senator, what is the average you have in 1982 for all attack fighters, because I don't have them broken down.

Senator LEVIN. Doctor, let me ask you this question.

You can give me yes or no or you don't know. I don't want to repeat it.

Dr. KORB. I can give you these figures. For the tactical air flying hours, and I will look the rest up for the record, fiscal 1982 was 22, 1983 was 24.

Now, as to specifics, I can check them for the record.

[Additional information follows:]

NAVY FLYING HOURS

The attached table summarizes our latest information on the Navy flying hour program. Flying hours per crew per month has been relatively constant Navy-wide.

NAVY/MARINE CORPS FLYING HOURS PER CREW PER MONTH

Type of aircraft	Fiscal year (actual)		Fiscal year (estimated)	
	1982	1983	1984	1985
Navy:				
A-6.....	25	27	24	23
KA-6.....	27	25	21	21
A-7.....	23	22	22	23
F-4.....	17	18	20	20
F-14.....	23	22	20	21
E-2.....	36	35	29	38
SH-3.....	29	26	28	26
SH-2.....	22	20	21	21
S-3.....	23	22	23	24
P-3.....	43	41	41	41
EA-6.....	23	24	25	24
F/A-18.....			25	23
AH-60.....			23	23
Marine Corps:				
AV-8.....	13	15	18	16
A-4.....	16	15	17	17
A-6.....	26	23	21	25
F-4.....	18	16	18	19
UH-1.....	28	27	27	28

NAVY/MARINE CORPS FLYING HOURS PER CREW PER MONTH—Continued

Type of aircraft	Fiscal year (actual)		Fiscal year (estimated)	
	1982	1983	1984	1985
AH-1	20	16	21	21
CH-46	20	21	20	21
CH-53	19	21	17	22
OV-10	20	18	19	17
KC-130	30	28	33	34
EA-6	17	18	17	20
RF-4	19	16	18	19
F/A-18		17	22	24
DON summary	24	24	24	25

Senator LEVIN. Mr. Chairman, I would like to submit for the record some material from a report of Dr. Korb's entitled "Readiness Implications of Collective Unit Training, Department of Defense, February 1984."

I am not going to take more time reading the figures, but I would like to insert in the record this unclassified statement including its title.

The whole statement is a little long, but page C-3 and any other pages the staff might want to insert relevant to this issue.

Senator HUMPHREY. Without objection.

[The information follows:]

Table VII shows the flying hour program by hours per crew per month. Navy tactical air crews will average a slightly higher number of hours per month in fiscal year 1985 than the projected fiscal year 1984 figure of 24 hours per month.

TABLE VII.—NAVY/MARINE CORPS FLYING HOURS PER CREW PER MONTH

Type of aircraft	Fiscal year (actual)		Fiscal year (estimated)	
	1982	1983	1984	1985
Navy:				
A-6	25	25	23	23
KA-6	27	23	21	21
A-7	23	22	22	23
F-4	17	19	20	20
F-14	23	20	20	21
E-2	36	33	29	29
SH-3	29	27	27	26
SH-2	22	24	21	21
S-3	23	21	22	23
P-3	43	41	40	41
EA-6	23	24	25	24
F/A-18		22	25	24
SH-60				23
Marine Corps:				
AV-8	13	16	17	15
A-4	16	15	16	16
A-6	26	24	21	24
F-4	18	17	18	18
UH-1	28	28	27	25
AH-1	20	19	20	22
CH-46	20	19	20	22
CH-53	19	19	17	20
OV-10	20	20	19	19
KC-130	30	28	32	33

TABLE VII.—NAVY/MARINE CORPS FLYING HOURS PER CREW PER MONTH—Continued

Type of aircraft	Fiscal year (actual)		Fiscal year (estimated)	
	1982	1983	1984	1985
EA-6	17	18	17	19
RF-4	19	18	17	18
F/A-18		21	21	20

Fleet Exercises.—Military forces must exercise the way they plan to fight, and the Navy is making progress toward this goal. Numerous joint, combined, and Navy-only exercises are held annually, with a resultant improvement in the quality of training and overall readiness. Recent joint efforts by the Navy and Air Force have resulted in an enhancement of the total force capability to conduct maritime operations. In particular, these joint exercises have identified problem areas in interoperability; solving these problems will help to improve performance in future exercises and the joint ability to meet the threat at sea.

Training Improvements.—The Navy has made considerable progress in the use of simulators of various types to improve collective unit training. Wargaming simulators are being used increasingly to enhance the tactical abilities of commanders. The aviation community continues to make good use of flight simulators.

In general, the Navy has found that simulators are most effective as a means of complementing and extending conventional training rather than as a replacement for significant parts of it. As an example, pierside trainers are now widely used to exercise combat information center personnel and sonar and radar crewmen in realistic combat exercises while their ships are in port. These simulated exercises add to the learning experience and team proficiency gained in exercises at sea. In addition, the more modern simulators can replicate the full array of possible threats and the combat environment that could be expected in wartime; it is difficult, and in some cases impossible, to achieve an equally realistic combat environment through exercises at sea. Simulators of this type pay off handsomely in terms of advancing ships' crews toward full exploitation of the capabilities of their ships.

Summary.—Collective unit training for the Navy has been, and will continue to be, a priority effort. The resources available have generally been adequate to meet, or come close to meeting, peacetime training objectives as well as to support the nation in Grenada, Lebanon and elsewhere. However, any reduction in the flying hour or steaming hour programs below their minimum levels would damage fleet readiness and the Navy's capability to train its units for adequate execution of the nation's maritime strategy.

Senator LEVIN. Are you saying in answer to my question it is right or not right or you don't know?

Dr. KORB. Senator, based on the summary of the report, I don't have time to add up all the figures, I will be glad if I am incorrect to agree with you.

ALO

Senator LEVIN. Thank you.

Dr. Korb, what is an ALO?

Dr. KORB. That is an Army term. I think it means authorized level of organization.

Senator LEVIN. Does that set the standard for readiness? Is that one readiness measure?

Dr. KORB. My understanding of the ALO system is that it is a device by which the Army decides what to do with its particular units based upon their war plans.

They might decide, for example, to keep some units ALO-1 or make all ALO-2, put others in ALO-3, depending on the level of funds they have, the level of people who are authorized and the changing strategy.

It is a conscious decision. In other words, if a unit has decided to be ALO-1, then that is the one that gets the highest priority for building up.

Senator LEVIN. Would you say that the ALO-1 would be a higher readiness than ALO-2?

Dr. KORB. An ALO-1 unit should get higher priority when it comes to people, new equipment, and so on, yes.

Senator LEVIN. Would you say the more units that have ALO-1's, the more rigorous our standard?

Dr. KORB. No. I would say if they——

Senator LEVIN. Someone is shaking yes back there.

Could we ask who is shaking his head yes?

Dr. KORB. I would say the more units you program to be ALO-1 and you can fulfill that, then the more capable the force would be.

Senator LEVIN. I am just asking whether or not if we have more units given ALO-1, that means we have higher standards of readiness?

Dr. KORB. The standard doesn't change.

Senator LEVIN. I am not saying the standard changes.

I am saying if someone decides you want 20 units in ALO-1 instead of 10?

Dr. KORB. That is the standard by which you are measuring. Yes, you have a more rigorous standard.

Senator LEVIN. If you have a more rigorous standard, the more units we have in ALO-1?

Dr. KORB. The standard would be more rigorous for the ALO-1 and if you then get more units into that category, then you are obviously more capable.

Senator LEVIN. I am not talking about more capable.

I am talking about standard.

Dr. KORB. Standard for ALO-1 is more rigorous than 2 or 3.

Senator LEVIN. The more ALO-1's you require, the higher your requirement for highly capable units; is that right?

Dr. KORB. The more ALO-1's you have, the more capable you are, yes.

Senator LEVIN. The more you insist you have, the higher your standard of readiness, whether you meet them or not?

Your standards are higher if you have more ALO-1's?

Dr. KORB. OK.

Senator LEVIN. Did we have more or less ALO-1's in the Army in 1983 than we had in 1980?

Dr. KORB. I don't know. I will have to check the standards.

Senator LEVIN. You have no idea whether or not there were more ALO-1's in 1983 than there were in 1980?

Dr. KORB. No, I don't.

Senator LEVIN. Would it surprise you if I told you we had significantly fewer ALO-1's in 1983 than we had in 1980, that we reduced our requirement of the most highly capable units in the Army?

Dr. KORB. Again, if we look completely at what an ALO-1—for example, it goes back to the point I made before.

If I am talking the authorized allowance for a unit and it used to be M-60's and ALO-1 used to have M-60's, now ALO-1 had to have M-1's, I am not surprised because we are just bringing the M-1's in the force.

If we could hold that constant over time, then I think we would have a different situation.

Senator LEVIN. Could you tell us for the record whether we have more ALO-1 units in 1983 than we did in 1980?

Let us know for the record.

Dr. KORB. I certainly will.

Senator LEVIN. Let us know what difference there were in the definition of what constitutes an ALO-1.

Dr. KORB. I will.

[The information follows:]

ARMY ALO

Tables of Organization and Equipment (TOEs) are not authorization documents. They serve as a base from which to develop modified TOEs (MTOEs). ALO establishes the authorized strength and equipment level for MTOE units. Units are assigned the highest ALO possible within the constraints of military spaces available.

Personnel Strength.—ALO levels establish personnel authorizations as percentages of the full MTOE personnel requirement.

Description	ALO
100% required MTOE	1
90% required MTOE	2
80% required MTOE	3
70% required MTOE	4

Equipment Level.—When a unit's personnel authorizations are at ALO 2, the unit should be able to maintain and operate all major items of required equipment. Therefore, ALO 2 units will still be authorized 100% of the major readiness related items. That is, a shift from ALO 1 to ALO 2 does not affect equipment authorization.

Units authorized a strength of ALO 3 or less, may have a loss of capability to operate and maintain some major items of equipment. In such cases, the authorizations for major items of equipment may be reduced.

The graph on the left of Figure 1 shows that the percentage of RC units designated as ALO 1 through ALO 4 has not changed significantly since fiscal year 1980. The graph on the right shows that the number of units achieving their ALO in training and personnel has significantly increased since fiscal year 1980. The number of units achieving their ALO in equipment remains basically level for reasons discussed earlier. Trends would have been better if it were not for the fact that over 150 RC reporting units were added to the force structure during this time frame.

The graph on the left of Figure 2 shows the percentage of AC units designated as ALO 1 through ALO 4 since fiscal year 1980. In this time frame, we see a reversal in the number of units designated as ALO 1 or 2. This reversal was made for several reasons:

The Army recognized it could not afford an ALO 1 force.

Within established end-strength, more than 100 additional AC reporting units were added to the force.

It is easier to fill units with people than to create force structure in an emergency.

A more balanced application of resources could be made to all Army units.

The graph on the right shows that units achieving ALO in personnel and training have significantly increased while there has been a decline in equipment for reasons previously stated.

Senator LEVIN. One last question for this round.

Did we raise our standard in 1975 to 1980?

Dr. KORB. General Vessey mentioned the other day that the standards have changed every year since 1961. Whether they went up or down, I don't know.

Senator LEVIN. Is it relevant?

Dr. KORB. If one is comparing 1975 to 1980, then it is relevant. As far as I know, I have never compared 1975 to 1980.

Senator LEVIN. We might have fewer units combat ready in 1975, but we could have been more combat ready in 1980 than in 1975?

Dr. KORB. Yes, we could have.

Senator LEVIN. How many units we had combat ready at any one time does not tell you whether it was more or less a few years ago unless you know what the standard is?

Dr. KORB. That is correct.

Senator LEVIN. The admission comes 3 years later?

Dr. KORB. No, I would beg to disagree. I never said that the UNITREP figures in 1980 were better or worse than in 1975. They just said what the UNITREP figures were in 1980 and they were not good.

Senator NUNN. How would you characterize them now based on that?

You certainly characterize them as better now. Would you characterize them still not good?

Dr. KORB. I think we have a long way to go.

Senator NUNN. That is not the same way as saying they are not good?

Dr. KORB. I would say that are better in 1983, but not as good as I would like them to be.

Senator LEVIN. Isn't it true in the fall of 1983 there were fewer Army divisions fully or substantially combat ready than in——

Dr. KORB. Based on changing criteria, there were, based on more stringent criteria.

Senator HUMPHREY. Senator Nunn?

MEASURING MILITARY CAPABILITY

Senator NUNN. Let me ask you one question. This has been talked about a lot in our committee and this is the first time I have seen this definition, but it may clarify.

I do think your statement has helped clarify these various measurements. I think we have been using them loosely and interchangeably as you observed in your prepared statement.

You have four categories of measuring military capability; force structure, force modernization, force readiness, and force sustainability.

Is that correct?

Dr. KORB. That is correct.

Senator NUNN. On page 2 you say: "Those who make such pronouncements as 'You've got to modernize to be ready' merely confuse an already complicated issue."

Dr. KORB. That is correct.

Senator NUNN. I have heard that statement used quite a bit.

What are you saying about modernization?

Dr. KORB. What I am saying is that modernization is a component of capability. Modernization doesn't necessarily improve readiness as readiness is narrowly defined in the UNITREP system.

Senator NUNN. Modernization is a measurement of capability, but modernization is not a measurement of readiness?

Dr. KORB. That is correct.

Senator NUNN. I think that is an important distinction.

If we can keep that definition constant, I think it will be an important improvement.

The other thing that puzzles me, on page 3, No. 1, you say: "Inventories of equipment and supplies on-hand relative to the wartime requirement."

That is a definition of materiel readiness?

Dr. KORB. Yes, sir.

Senator NUNN. What is the wartime requirement if it does not include as a component sustainability?

To define wartime requirement, it seems to me that would almost have to incorporate some element of sustainability.

Dr. KORB. It certainly does.

As I mentioned in the case of the Air Force unit, the Air Force to be considered ready to go to war have 30 days of sustainability.

Now, as you look at sustainability, you might want to move toward more staying power than that, but to be judged ready to go to war in 1983, they are saying you need 30 days. If you don't they don't think you are ready.

Senator NUNN. How do they draw the line between that wartime climate and sustainability? Who does that?

Dr. KORB. That is done by the JCS and the Service Chiefs.

As I mentioned, 3 years ago they believe that 15 days was enough to go to war.

Senator NUNN. Is that what they define as a short war?

Dr. KORB. Thirty is longer than fifteen, but fifteen is a pretty short war.

Senator NUNN. That seems to be an interesting line of draw.

Dr. KORB. Senator, we are dealing with a system that is kind of like theology more than commonsense. For better or worse, this is the system that has been used for a long period of time.

I mentioned sometime before this year that I was not happy with it. I am trying to work with our PA&E people and JCS to come up with a better system.

This is the system that is in place. You are right, these definitions are not terribly precise.

Senator NUNN. I understand that Air Force has a study underway about how to improve this.

Is that right?

Dr. KORB. That is correct.

Senator NUNN. How about the Army?

Dr. KORB. We have one at the Department level. The Air Force, I think, is studying how to increase this better. That is another problem we have not gotten into the measurement of sustainability.

For example, the Air Force would decide the squadron itself needs 15 or 30 days on hand. We could have some other level in the depot. All of this enters into a sustainability measurement.

The other services might not look at it that way. We are trying to get something that makes sense for everybody.

Senator NUNN. Dr. Korb, General Vessey stated, quoting again, that: "Maintenance backlogs are down."

On page 4 of your statement, as I read it, you indicate, if I am reading this correctly, that the financial backlog of depot maintenance in 1984 is higher than any year since fiscal year 1981.

Is that a correct reading?

Dr. KORB. Are you talking about figure 9 on page 9?

Senator NUNN. Yes. That is on page 9, figure 9, financial backlog in constant dollars.

It indicates, the way our staff has computed in constant dollars, the financial backlog now is about twice what it was 1981 on depot maintenance.

Dr. KORB. What I am looking at here is in terms of the requirement and the funding as a percent of requirement.

Last year, we funded 89 percent of total requirement and 92 percent of financial requirements.

This year we are funding 95 percent of the total requirement and 95 percent of the financial requirement.

Last year it was 89 and 92. The year before it was 90 and 96. In 1982, 89, and 88. So, it has remained relatively constant over the last couple of years.

Senator NUNN. The figures we use are simply arrived at by subtracting the funding from the financial requirement in each one of those years.

You take those two, the gap there, it seems so me it is a more meaningful measure than your bottom line.

You take the financial requirement and subtract the funding and in 1981 you have \$400 million.

In 1982 you get \$300 million.

In 1983 you get \$500 million.

In 1984 \$1.1 billion.

In 1985 you get nine-tenths of a billion dollars.

That is using your figures.

According to my calculations in the financial backlog, depot maintenance has doubled.

Dr. KORB. I think one has to put those in context.

In 1981 and 1982 we came in with a budget amendment and supplemental and the Congress approved them in total. At the end of the year we were better off.

Last year at the end of the process we were worse off than we were a couple years before.

This year we attempted to bring it down a little bit from last year.

We agree with you, yes, we had much better success getting those things funded by Congress in 1981 and 1982, everything we asked for in 1981 and 1982 which was directed toward this area.

We came in with a fiscal 1981 budget supplemental. We came in at the beginning of the second quarter and presented a supplemental for 1981.

We presented a budget amendment for 1982. It was primarily in the readiness area because, as Senator Levin has mentioned so eloquently, that had been a campaign issue.

Senator NUNN. We have not touched the 1985 budget yet?

Dr. KORB. That is correct.

Senator NUNN. We are not responsible for that?

Dr. KORB. No, sir, you are not.

All I can tell you is that it is less than last year. I wish it were closer.

Remember we were told by the Congress in 1983 what we would have—they gave us a 3-year number, 1983, 1984, 1985 and that number was substantially below the number we came in with.

REDUCTION IN MAINTENANCE BACKLOGS

Senator NUNN. General Vessey's statement is maintenance backlogs are down, am I not correct?

I am not trying to ask why, but is it not correct?

Dr. KORB. Looking at it financially, if you compare to 1980, I think you will find a different picture.

I will furnish those for the record for you. I think General Vessey was referring to the number of systems waiting to be repaired. I think he was using a 1980 base rather than 1981 because 1980 was the last budget we didn't impact.

The point I would like to make is it has come down compared to last year. We are going to need every nickel we asked for to make sure conditions do not get worse this year.

Senator NUNN. Come down compared to last year and doubled compared to 1981, tripled since 1982 and almost double since 1983.

Another question.

IMPROVEMENT IN SPARE PARTS

General Vessey said, "Spare parts have improved."

Your figures show that supply readiness is going down rather sharply in the Army and Air Force, do they not?

Dr. KORB. Which figures are you referring to?

Senator NUNN. These are classified. I will send you one. That is classified. You can answer it at your discretion.

Dr. KORB. If you will look on spares procurement in terms of percentage of funding, we have done substantially better this year.

Senator NUNN. That is an input. What we are trying to get is output. We have good measurements on input.

Our whole problem is that we don't have measurements on output.

Dr. KORB. We were just talking here on the previous things about an input measure. We are talking about the depot maintenance.

Senator NUNN. We are talking about both. You have the financial requirement and the difference between requirement and that is the backlog. It is partially input, partially output.

Senator HUMPHREY. I would caution members to err on the conservative when dealing with classified matters.

We can go into closed session if necessary.

Senator NUNN. I agree, Mr. Chairman. I phrased it carefully. The witness will have to decide.

I understand the number is classified, but the trends are not classified. If they are, General Vessey's statement was classified.

All I am asking is whether it was accurate or not.

I am showing the chart that in my view indicates it is not right.

Dr. KORB. That chart measures equipment fill rate for selected critical major end-items. It has a lot to do with whether they have trucks and that sort of thing.

Senator NUNN. Does that chart show a downward trend?

Dr. KORB. That is in terms of percentage of fill.

Senator NUNN. Down in spare parts?

Dr. KORB. The chart does not reflect any spare parts shortages, just shortages for selected major end-items. With regard to spare parts I can provide our request and congressional actions for the record.

[The information follows:]

ARMY SPARES FUNDING

Secondary item procurement funding (\$M) for the Army is shown on the attached table.

The data show that in fiscal year 1982 and fiscal year 1983 we asked for, but did not receive, full funding. Consequently, there is some reluctance to risk money for these accounts. In fiscal year 1982 and fiscal year 1983 the Army requested 100 percent of requirements and was funded at 98 percent and 96 percent respectively. In fiscal year 1984 the Army only asked for 96 percent of requirements—only 92 percent was funded. Now, based in part on past Congressional actions, the Army has requested only 89 percent of requirements in fiscal year 1985.

SECONDARY ITEMS PROCUREMENT FUNDING

[In millions of dollars]

	fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985	
	Initial	Replenishment	Initial	Replenishment	Initial	Replenishment	Initial	Replenishment
Army:								
Requirement	610	513	816	659	1,122	757	1,118	883
Requested	610	513	816	659	1,099	707	1,014	769
Funded	591	513	816	595	1,048	688		

Senator NUNN. You ought to bear down on getting some meaningful measurements. I would hope you do it this year as long as we keep seeing C ratings change. The people in the Pentagon say we are on a running treadmill, that we are never going to catch up.

You may be correct that these C measurements have changed, but they always change. They are always going to change. So you never catch up with yourself.

That is the very point that the critics of the procurement system are making. This goes far beyond readiness.

This goes to the priority of the defense budget, whether the pace of modernization is such we cannot keep up with it and whether we are going to build in huge deficits in our capability for readiness in the outyears as the pace of modernization becomes even greater.

If we don't have better measurements, we will not be able to set priorities in our view.

Dr. KORB. In our force readiness report we have better measurements.

For example, things like mission capable rate which can be compared over time.

Senator NUNN. My understanding of that, while you are on that point, is that mission capable rates for bombers and airlift and tanker aircraft have gone down since 1981.

Dr. KORB. We put the emphasis on tactical fighters in that particular area.

Senator NUNN. Bombers and tactical aircraft have gone down and tactical fighters have gone up; is that right?

Dr. KORB. Yes. Again, these are old B-52's that we are getting ready to phase out of the force to bring in the new ones. It offsets the whole strategic area that balances with the other components of the triad.

Senator HUMPHREY. Senator Dixon?

Senator DIXON. I have no questions.

O&M BUDGET

Senator HUMPHREY. Mr. Secretary, one thing we always look at from year to year is the percentage of the total DOD budget authority devoted to O&M.

In looking at the Secretary's annual report to the Congress, page 279, we see that O&M as a part of the total DOD budget authority in 1983 was 82 percent; in 1984 it was 27 percent; and in 1985, 26 percent.

We know at the same time that as we modernize, we are going to have to allow presumably for greater O&M expenses.

Our concern is that we not find ourselves in the rut that we found ourselves in several years ago when because of an earlier procurement cycle and underfunding of O&M, we suffered a readiness degradation.

What assurances can you give us that we are not, by virtue of declining percentage of O&M as a part of the whole, digging ourselves another ditch?

Dr. KORB. I think using the O&M budget category again is misleading. Out of O&M we fund civilian personnel. If we don't give civilian personnel a raise that is equivalent to the change in the cost of living, that account can go down.

That doesn't tell you how hard the people are going to work.

As I mentioned, you ought to look at one part of O&M, the part having to do with base operation and support maintenance.

But you also need to look in the procurement. Are you buying spares and war reserves? That is why this chart 8, if you take a look at that, shows that we are reasonably well balanced. That is really what we are trying to maintain.

People who look at the O&M account don't understand what it is made of and look at procurement and don't understand its subdivisions.

Senator HUMPHREY. You are saying internally within O&M we are holding our own?

Dr. KORB. I would say yes, in terms of the area that this committee is concerned about, centrally managed materiel readiness, yes; I think we are holding our own.

We are in reasonably good shape, both in terms of the growth and change in the percentage of the budget that you have. Both have gone up.

Senator HUMPHREY. What are the out year figures in the 5-year defense plan for O&M as a part of the whole DOD budget authority?

Dr. KORB. I furnished the special breakdown for the record.

What you have here is a continuation of the same type of trend. If anything, over the next 5 years what we call centrally managed materiel readiness is growing a little bit faster than the rest of the budget because as the systems come into the force, we have to spend more.

For example, the two largest growing areas in the budget this year are military construction, which is a readiness item to build the hangars and runways for the equipment, and sustainability. Military construction this year rose by 45 percent.

Senator HUMPHREY. Do you have those figures?

They are certainly cardinal figures.

Does anyone have the 5-year outyear projections?

Dr. KORB. I can furnish those for the record.

Senator HUMPHREY. The problem is we never get back to look at the stuff you furnish.

Dr. KORB. We have O&M growing from 80.9 in 1985 to 115.2 in 1989.

Senator HUMPHREY. That is O&M budget——

Dr. KORB. The 81.5, if you count in contingencies and everything, is going from 81.5 to 122.6.

Senator HUMPHREY. From 1985 to 1986?

Dr. KORB. That is 5 years.

Senator HUMPHREY. Is that a steady projection?

Dr. KORB. 81.5, 92.9, 103.9, 113.3, 122.6.

Senator NUNN. Do you have it by years?

Dr. KORB. Yes.

Senator NUNN. How about percentage?

Dr. KORB. I don't have that.

Senator NUNN. Can you give us an estimate?

Are we going to see a continued decline over the next 5 years in O&M as a percentage of the whole?

Dr. KORB. Possibly in O&M because of the civilian pay raise.

Again, we have to look at that part of O&M that you are interested in. I am not saying that we should ignore civilian pay raises, but if they don't keep pace with the O&M budget, they are declining, not readiness.

Senator HUMPHREY. We are concerned about all the elements, but primarily the direct operating factors, flying time, steaming time, backlog in depot maintenance, all of it.

Dr. KORB. We can furnish that for the record.

Senator NUNN. Getting back to the C ratings again, using the case that you cited, the units that do not have M-1's, but have M-60's, if that kind of situation throws off the C ratings, how do we know the readiness of these units during times of transition?

Dr. KORB. Again, you have to know the standards by which they are judged. That is the way to accept them.

As I tried to point out in my statement, we have to use common-sense in this area. If you have more and better people, more and better equipment, they are being trained more, they have more support, by every sense indicator you are more ready to accomplish your military objective.

Senator HUMPHREY. I will submit the balance of the questions I have for the record.

Senator Levin?

Senator LEVIN. Thank you, Mr. Chairman.

READINESS AND SUSTAINABILITY

The concern of this committee is obviously our readiness, sustainability, and how prepared we are. We have real concerns, obviously, regardless of what side of the aisle, in terms of what happens in 1980 and all the rest.

Putting that aside and getting down to where we are going, I must tell you, I think everybody on the committee is concerned about some of the shortfalls that we have in readiness and sustainability.

Indeed, you probably share those concerns and have fought for increases in readiness and sustainability.

Let me go through a few facts with you and see if we can reach agreement on facts.

Is it true that in constant dollars that the depot maintenance, financial depot maintenance backlog in 1985 is over twice as large as the 1981 financial depot maintenance backlog? Is that true?

Dr. KORB. Yes, sir, it is true, but we have all the money we requested from Congress that particular year.

Senator LEVIN. I am not talking about how it happened or whose fault it was. I am not trying to assess blame here. I am just trying to figure out where we are going.

Dr. KORB. OK.

Senator LEVIN. The answer to that question would be yes, that in constant dollars the 1985 financial depot maintenance backlog of \$98 million is twice as large as the depot—

Dr. KORB. Nine hundred. We were 400 million. The fiscal year 1981 financial backlog is closer to 40 percent of the fiscal year 1985 financial backlog.

Senator LEVIN. Without assessing whose fault and all the rest, is this statement true that in the 1983 budget the Army projected that they would spend \$3.9 billion for ammunition in 1985?

Last year, the 1984 budget, the Army was projecting they would spend \$3.4 billion for ammo in 1985.

In other words, 2 years out they said in 1985 they would be spending \$3.9 billion. One year out they said they would be spending \$3.4 billion.

The closer they came to 1985, the less they were going to spend.

Now, the 1985 budget is finally here, is it true that the Army is requesting \$2.5 billion for ammunition which is \$900 million below the level they were projecting for 1985 just last year?

Is that true?

Dr. KORB. I am glad you asked that question.

Senator LEVIN. I am not sure I am glad.

Dr. KORB. The Army has lost \$800 million in that ammunition account over the last 2 years and, quite frankly, they are reluctant to risk the moneys in this year's budget because if they put in for it and didn't get it, they would lose it.

I can't say I disagree with them that much.

In the last 2 years I fought to put the money in and we lost it. This year they were saying let us put in what we will probably get.

Senator LEVIN. That is an interesting theory.

The real question is whether the budget reflects your assessment of the need, not what happens to it after it goes somewhere else.

The budget that you presented indicated that you would need \$3.9 billion.

Has the need gone down?

Dr. KORB. No; the need has not. If I had any assurance that that money would survive, I think I could have convinced the Secretary and the Secretary of the Army to put it in their budget.

But if Congress year after year keeps cutting the account, it becomes a practical judgment of not to gamble that particular money.

Senator LEVIN. Some of us in Congress fight for these readiness accounts. We added some money for the readiness account in the last year. On the floor we added a half billion dollars for conventional, including the readiness account. So, you got some support in the Congress for this.

Dr. KORB. This is the Army ammunition account.

Senator LEVIN. I understand that. I can guarantee you we are not going with a 13-percent real growth in the defense budget. That didn't stop you from putting it in.

Dr. KORB. Again, I think that our request is less than you told us 2 years ago.

For example, last year you told us, the Congress, and I don't mean you specifically, told us in the 1983 budget resolution to come in in 1982 with \$273 million. We came in with \$273 million. We got \$225 million.

If this year we come in at the number you have given us, I think the odds are it would be even lower.

Senator LEVIN. I am not talking about our assessment or Congress' assessment.

I am talking about your assessment. Your assessment 2 years ago was 3.9. One year ago you needed 3.4. This year what you are asking for is 2.5.

You are saying that does not really reflect your assessment?

Dr. KORB. That is correct.

Senator LEVIN. I have to assume there are other parts of the budget that don't reflect your assessment either?

Dr. KORB. I think we need more in this account, we need more in lots of accounts in the budget.

ARMY TRAINING DAYS

Senator LEVIN. Training days in the Army—is this a factual statement that the training days for a mechanized infantry battalion were 191 in fiscal year 1982?

You are asking for 147? Is that true?

Dr. KORB. I don't have that figure, but I can check it.

[The information follows:]

ARMY BTD'S

Our data show that there were 148 training days for a mechanized infantry battalion in fiscal year 1982. This does not differ significantly from the 147 requested in fiscal year 1985. Your original figure of 191 days for fiscal year 1982 was based on a typographical error in one of our earlier draft reports.

Senator LEVIN. Is it true that for the air cavalry squadron the training days in 1982 were 223?

This year you are asking for 196. Is that true?

Dr. KORB. Again, we will check exact figures for you.

[The information follows:]

ARMY BTD'S

The figures that you have quoted agree with our data, however I believe that the 223 air cavalry squadron training day figure in fiscal year 1982 is too high. At that time, a battalion training day was more loosely defined than it is today. Note that in fiscal year 1983 and fiscal year 1984, under the current definitional scheme, we had 184 training days for air cavalry squadrons. The fiscal year 1985 level of 197 is an improvement.

Senator LEVIN. These come from various sources. They are all accurate. They had better be.

The Marine Corps major field exercises, 193 in fiscal year 1983, down to 170 in 1985.

Can you confirm that for us, reduction from 193 to 170 in those 3 years for Marine Corps major field exercises? Can you give us that confirmation here?

Dr. KORB. Again, all I can tell you is to the best of my knowledge, our budget says we got the same number of training days per battalion, relatively flat over the last couple of years.

Senator LEVIN. Will you give us that for the record?

Dr. KORB. I can.

[The information follows:]

MARINE CORPS EXERCISES

There are 170 major Marine Corps field exercises planned for fiscal year 1985 as compared to 193 in fiscal year 1983. The decline in the planned number of major exercises is due to a projected decline in the number of aviation unique exercises. The reason for this decline is that the Marine Corps plans to use its aviation assets to a greater extent as part of all other types of exercises. Therefore, for planning purposes, the Marine Corps assumes that there will be fewer aviation assets available for aviation unique exercises. There is no implication of a decline in aviation training.

Senator LEVIN. Army attack helicopter flying hours per crew per month down from 10.4 to 9.4.

Dr. KORB. Again, compared to 1982?

Senator LEVIN. Yes.

Dr. KORB. Yes; remembering 1982 was our first budget which presented a 5-year plan for Congress. You approved it generously, the first figure. Since then you have cut it down.

Senator LEVIN. Can you confirm that figure for the record?

Dr. KORB. Yes.

[The information follows:]

ARMY FLYING HOURS

AH-1 flying hours per crew per month were at the 10.4 level in fiscal year 1983 and are budgeted at 9.4 in fiscal year 1985. This was the result of a fiscal year 1982 program budget decision that constrained AH-1 flying hours through fiscal year 1987.

Senator LEVIN. Can you tell us now on the flying hours per crew, do you have those specifics in front of you from that report, from that unclassified report?

If you don't have it handy, I won't ask you questions about it.

Let me just ask you one more question. I want to go back to those Army divisions just for a moment.

Are you able to tell us in an unclassified way how many of our divisions are substantially combat ready now, Army divisions?

Dr. KORB. Not in an unclassified way, no.

Senator LEVIN. Back in 1980 the advertisement read: "Six out of ten Army divisions stationed in the United States are not combat ready."

Was that a classified figure?

Dr. KORB. I think that came from a New York Times news story by Richard Halloran, as I recall.

Senator LEVIN. Was that a classified figure?

Dr. KORB. As I understand, yes, it was.

Senator LEVIN. You mean the Reagan campaign published a classified figure?

Dr. KORB. Once it is in the newspaper, it is not classified any more.

Senator LEVIN. The number of divisions we now have that are combat ready is classified?

Dr. KORB. Yes, it is.

Senator LEVIN. Are you going to declassify that before the election?

Dr. KORB. That is not my business. I am not in the declassification business.

Senator LEVIN. Is it your intention to give us any ratings prior to election under these new standards?

Dr. KORB. I think it is important to keep in mind that these standards are changed not by the political leadership.

Senator LEVIN. I am sure of that.

My question is: Do you intend to announce new measurements of readiness before the election?

Dr. KORB. No.

Senator LEVIN. You can give us assurance?

Dr. KORB. To the extent it comes up to my level, yes.

Senator LEVIN. Would this come to your level?

Dr. KORB. I would hope so.

Senator LEVIN. Frankly, it is too serious a subject to be manipulated by anybody, and I include myself. I am not taking any responsibility or ducking it. It is too serious an issue, much too serious, to be manipulated for political purposes.

Whether manipulated by the party I belong to or the other party makes no difference. These are extremely serious questions, the percentage of money going into these accounts for what we call readiness and sustainability compared to modernization and these are rough measurement, I know, O&M does not give us a per measurement.

Nonetheless, I just would hope that we can really rely on you and the administration not to come up between now and the election with new figures on readiness of our forces based on new measurements because, frankly, it was bad enough, in my opinion, that it happened once.

We are trying to catch up. It isn't easy. I don't think our forces were ready enough then and I don't think our forces are ready enough now. I don't think they were ready enough either time.

In all fairness, we ought to avoid any manipulation of data, any new standard between now and the election.

You are going to keep classified the number of Army divisions that are substantially combat ready?

That is a pretty critical thing. Then you have a nice juicy comparison with what you folks advertised in 1980.

All I want to be sure is that we are not going to be given a whole lot of new data, new tests, new standards which show great improvement. That is all I am asking.

You assured us that it will not happen. I think that serious treatment which must be given to this study.

Thank you, Mr. Chairman.

Senator HUMPHREY. Very well.

Thank you, Mr. Korb, we appreciate your time.

Dr. KORB. It is my pleasure, Mr. Chairman. Thank you very much.

[Questions submitted by members of the Senate Armed Services Preparedness Subcommittee to be answered for the hearing record follow:]

QUESTIONS SUBMITTED BY SENATOR GORDON HUMPHREY

TOE CHANGES

Senator HUMPHREY. One explanation given to declines in certain readiness measurements is TOE changes. When a unit changes its organizational tables to reflect new equipment, it may appear in reports as not combat ready because all of the new equipment has not arrived.

This is probably true to some degree since many units are getting new equipment, but;

Why is no empirical data presented to support that argument?

Do we really know how ready units are during transition?

Describe how TOE changes can cause readiness to go down, while at the same time cause combat capability to go up.

Dr. KORB. Historical data are not readily available to correlate documented equipment requirement changes to a particular unit from 1980 to the present. However, available data do show the following: Since the fourth quarter of fiscal year 1980, the majority of Army units have undergone up to six TOE changes. Changes in fiscal year 1982 and fiscal year 1983 include: 106 major battalion size MTOE changes; 136,000 line item level changes; 525 Basis of Issue Plans for new equipment; 200 new TOEs; and 70 test TOEs.

When a unit is slated to be upgraded and to receive more modern equipment (e.g., M-1 tanks vs. M-60s; F-16s vs. F-4s), the phase-out of the older equipment usually starts before the phase-in of the newer equipment. The phase-out causes C-ratings to decline. At some point during this transition, the unit is rated C-5, which essentially removes it from readiness reporting status. The unit is usually not taken out of C-5 status until it is capable of fighting with its new equipment (generally this means that the overall readiness is C-3 in the judgment of the commander).

The Army sometimes changes its TOEs to require units to possess a number of modern equipment items well in advance of their being available for issue. For example, a unit commander may get a document requiring a Position Azimuth Determining System for an artillery battalion—but the quantities of this new item from production are not adequate to fill the unit's requisition. If this happens for several items, the commander would have to report lower readiness, even though the unit is just as capable as ever, or even more capable, if some of the requisition for the new items had been partially filled. This is not an actual decrease in readiness but a change in the yardstick used to measure it.

The Army recently has issued a directive to ensure that TOE changes are in phase with availability of equipment.

RESOURCES-TO-READINESS

Senator HUMPHREY. Don't we have more measurements of readiness outside the UNITREP system than inside it? If so, why use it?

No data is shown to relate the funding profiles in figures 8 and 9 to readiness, especially in measurable areas such as equipment fill. Why?

How long will it be before our ability to relate resources to readiness or aggregate military capability will be reflected in some kind of index more broadly based than the UNITREP system?

This subcommittee asked in 1981 that this be given greater attention.

What has been done?

What can we do to speed the process?

Dr. KORB. Our basic system for reporting readiness within the Defense Department is the UNITREP system. UNITREP is designed, managed, and controlled by the Office of the Joint Chiefs of Staff. The Services collect and report their readiness statistics up through the system to the OJCS in accordance with specific Service-developed reporting rules within broad OJCS guidelines. It is important to understand that the UNITREP system was designed primarily, if not exclusively, to measure the day-to-day readiness of the operating forces. It was never intended primarily as a tool for developing budgets and outyear financial programs; nor, because of the mechanics of the way UNITREP handles changing requirements, does it always give a completely accurate view of readiness trends over time. We thus use a myriad of readiness measures for these purposes. The primary purpose of UNITREP is to tell what units are ready today to go to war on short notice, which ones aren't, and for those that aren't what resources constrain them.

It is very difficult, analytically, to relate funding profiles to readiness output. We have made some significant progress in this area but we still have a long way to go. Some of our best achievements have involved relating spare parts, munitions and POL to aircraft sortie output over time. The Appendix to Volume I of the Force Readiness Report has more detailed information on our research efforts to relate resources to readiness.

The analytical difficulty is rooted in the size and complexity of the problem. There are literally thousands of separate fiscal readiness inputs and their interrelationships are not always quantifiable. We may never be able to completely solve the problem, but we are making continuous progress.

READINESS PROBLEMS NOT ALL RELATED TO O&M

Senator HUMPHREY. Readiness problems identified in the UNITREP system and elsewhere are not all related to deficiencies in O&M (for example, supply/equipment fill).

List and describe those that are and those that aren't.

How would you describe their relative priority?

Have there been imbalances in investment accounts?

Can they be justified?

Dr. KORB. I do not quite understand your reference to readiness problems. As I said before, the facts are that today, the Department is readier than it was in 1980. We have more people, of a substantially higher quality, than was the case in 1980 and they are far better trained. They have better equipment and more of it. They have better support available to them and larger inventories of assets to sustain them in combat.

Some aspects of readiness are funded by O&M and some are not as is the case with spare parts, maintenance, training, and personnel readiness. On the other hand, Army equipment fill, as measured by UNITREP, is almost exclusively funded by the procurement appropriations. The most significant factor that prevents readiness from increasing further is the Army equipment shortage problem. I solicit your help in improving the situation.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

DOD SAVINGS

Senator LEVIN. Dr. Korb, in the latest issue of Defense Management Journal, published by your office, there is an article entitled "Fraud Update," about DOD's efforts "to combat fraud and waste." The article says that the Semi-Annual Report to the Congress by the Inspector General for the last half of fiscal year 1983 claims potential savings on DOD spending of about \$1.3 billion.

Are any of these savings reflected in the fiscal year 1983, 1984 or 1985 DOD budgets?

Does DOD intend to use these funds for other projects or is this money available to be carried over by the Congress to fund part of the fiscal year 1985 budget request, thus permitting us to cut the fiscal year 1985 request by at least this amount?

Dr. KORB. The agreed upon corrective actions identified by the Inspector General report will principally have an effect on fiscal year 1985 and beyond because of the time it takes to implement the change. The associated savings have been taken into account in our fiscal year 1985 budget request.

Senator LEVIN. Dr. Korb, many audits and programs no doubt make up the details of these savings, and the specific information in the major categories of savings could be very useful to our subcommittee as we consider the fiscal year 1985 budget request.

Can you assure us of your full cooperation and that of the rest of DOD to provide this information to us well before we begin our Subcommittee markup? At least two weeks before that markup.

Dr. KORB. The information you have requested is reported to Congress by the OSD Comptroller in the Economics and Efficiencies exhibits.

READINESS ISSUES

Senator LEVIN. In your speech to the Air Force Association symposium in October 1983, you said that our armed forces were in "a dangerously low sustainability posture."

Doesn't this contradict Secretary Weinberger's claim just four months later in his February 1984 pamphlet, "Your Defense Budget," that our readiness "has been restored to acceptable levels" and that sustainability "has increased greatly"?

Dr. KORB. There is no contradiction. Sustainability has increased, but in my opinion it is still too low.

REAL PROPERTY MAINTENANCE

Senator LEVIN. From the highpoint of \$3.9 billion in fiscal year 1981, the Defense Department has managed to reduce the backlog of maintenance and repair of real property to \$3.8 billion in fiscal year 1985.

The backlog in fiscal year 1985 is at the same level as in fiscal year 1984, and both years represent an increase over the fiscal year 1982 and fiscal year 1983 backlog levels.

Has the Department given up on its commitment to reduce the backlog of real property maintenance to manageable levels?

Dr. KORB. The Department has not given up on its commitment to reduce the backlog to manageable levels. We are continuing to view our backlog in terms of how we are doing against a manageable level.

Senator LEVIN. Back in the fiscal year 1979 Defense Appropriations Act Congress established a goal of \$2.3 billion for the backlog of real property maintenance for all DoD.

Do you regard this as a realistic goal?

Will the Department ever reach this goal?

Why haven't we made more progress in reducing the backlog of real property maintenance in the last 3 years?

Dr. KORB. The containment level of \$2.3 billion is an unrealistic goal for our backlog. In 1985 dollars, the \$2.3 billion amount would be about \$3.7 billion. A more realistic approach would be to measure our backlog against a manageable level, which we believe to be one year's maintenance and repair work. For fiscal year 1985, our annual maintenance and repair requirement is roughly \$4 billion. With a backlog of \$3.8 billion reported by the Services, we expect to be at a responsible manageable level for fiscal year 1985.

It will be very difficult to reach the \$2.3 billion level. Our Defense facilities have a replacement value of about \$350 billion. We are committed to maintaining our physical plant and in fiscal year 1982 halted a decade of a rapidly rising backlog. The more we spend on maintenance and repair, the more people look for additional projects to put in the backlog numbers.

We have made progress. If you walk around on our military installations you see considerable improvement in our facilities: fewer roofs leak, more roads are being repaired, more buildings are being painted when needed. Since 1981 we have increased our spending for real property maintenance by 30 percent in constant dollars, and it shows.

The Congress told us to hold the backlog at the 1978 level of \$2.3 billion in current dollars. While the backlog number is up, it is not for a lack of spending and I think our installations are greatly improved.

PRUDENT REDUCTIONS STRATEGY

Senator LEVIN. Finally, Dr. Korb, we are left with the dilemma of where we should cut this defense budget—which all of us know will be cut—so that we can maintain an adequate national defense and protect our taxpayers' economic security also.

Just yesterday NATO's Commander, General Bernard Rogers, urged: "My plea is don't cut operations and maintenance. You're cutting training days, flying hours, steaming hours."

Would you agree we should minimize cuts in the O&M, ammunition and other combat readiness accounts?

Dr. KORB. I agree with General Rogers. If we are forced to take reductions, we should minimize cuts in the O&M, ammunition and other combat readiness accounts in order to maintain a balanced fiscal year 1985 budget.

Senator LEVIN. You paid special attention in your statement to the equipment shortages in the Army.

Would you suggest that Army equipment suffer least in any round of upcoming cuts?

Dr. KORB. Army equipment is our first readiness priority. It should not suffer any cuts.

Senator LEVIN. Last October, you told the AFA Symposium that in order to do better with the readiness and sustainability accounts "we may have to consider offsets from selected modernization and force structure programs."

Do you still conclude that, and would you recommend we cut big ticket procurement or manpower to fulfill your recommendation?

Dr. KORB. I stand by my statements to the AFA Symposium; however, if cuts must be made, they should be made in such a manner as to maintain a balanced program.

Senator LEVIN. Provide for the record a list of all the additional equipment items specifically by type and quantity, which comprise the list on page 16 of your testimony and labeled "Fiscal Year '85 Shortfalls in Army Equipment".

Provide a specific cost for each quantity/type.

Dr. KORB. The attached list of equipment was prepared by my office during the 1983 summer program review. Those were identified at that time as the most critical item needed to reach the minimum equipping objectives in the Defense Guidance—namely equipment forward-deployed forces and forces apportioned to USCENTCOM, [deleted]. There have been many changes to the Army program since then, especially in the communications and electronics area. Thus this list should be viewed as representative of the problem. Before adding resources to any specific line item in Army procurement accounts, an update of the requirement would be needed.

ADDITIONAL PROCUREMENT - ALTERNATIVE 2 (QUANTITIES/\$M)

AIRCRAFT

SSN		FY 85	FY 86	FY 87	FY 88	FY 89
A034	Helicopter, Cargo CH-47			24 148.6	24 153.1	
J268	GCA Radar Fac TSQ-71B			12 3.9	12 4.0	
K356	Aviation Night Vis Gog	800 14.6	800 14.9	800 15.4	800 15.9	800 16.3
	TOTAL	14.6	14.9	167.9	173.0	16.3

WEAPONS & TRACKED COMBAT VEHICLES

G803	Carrier, CP M577		175 40.2	175 42.6	-41 -10.6	
G821	Ch & Lchr, AVL8	50 27.5	50 28.4	50 29.2	37 22.3	
G825	Rec Veh M88A1	312 270.2	312 275.9	312 290.7	312 307.7	312 326.7
	TOTAL	297.7	344.5	362.5	319.4	326.7

TACTICAL AND SUPPORT VEHICLES

D010	STLR 12T	120 4.3	43 1.7	120 4.7	120 5.0	-27 -1.2
D011	Dolly Set 24T	324 3.1			-384 -4.1	
D013	Dolly Set 54T	91 2.1			-91 -2.6	
D015	STLR 224T	528 10.4	581 12.1	766 16.9	766 17.6	766 18.4
D02306	STLR Tank 5000 gal Auto			295 20.5	198 14.3	
D024	STLR HET		210 22.6	211 24.9		32 3.9
D025	STLR Water 5000 gal	186 12.6				
D032	STLR Van Elect	136 4.3	89 2.9	-136 -4.4	-89 -3.0	
D048	STLR Van Sply 12T	595 21.6	463 17.5	595 23.6	595 24.8	-618 -25.7
D054	TRLR Cable 34T	112 1.1				
D057	TRLR Hvy Exp Mob		239 3.4		-239 -3.8	
D062	TRLR Cargo 3/4T	3600 11.1	3600 11.4	2360 7.7	-3412 -11.5	-3685 -13.0
D064	TRLR Cargo 14T	921 4.8	1286 6.6	3879 20.6	3879 21.3	2093 12.5
D101	Truck Tract HET		337 61.7	344 65.8	60 12.2	
D14004	Truck Dump 5T 6x6	142 13.1	210 21.5	514 54.6	107 11.9	335 38.4
D14006	Truck Tract 5T 6x6	441 33.3		1072 96.2		357 34.7
D14007	Truck Tract Wreck 5T 6x6		48 8.2	48 8.5	48 9.4	49 10.1
D14008	Truck Van Exp 5T 6x6		77 12.1	111 18.5		
D14009	Truck Wrecker 5T 6x6	139 21.3		166 27.8	136 24.1	
D15404	Truck Utility 14T	4554 122.2	2741 76.6	309 9.0		119 3.8
D15405	Ambulance 2 litter			234 9.6		-234 -10.6

TACTICAL AND SUPPORT VEHICLES (Continued)

	FY 85	FY 86	FY 87	FY 88	FY 89
D15406 Ambulance 4 litter		1000 38.8	-253 10.3	-57 -2.5	-690 -31.0
D190 Small Unit Spt Veh	58 2.1				
D19601 Truck Tract Lt Eq	71 9.6		91 13.4		
TOTAL	<u>282.2</u>	<u>297.2</u>	<u>428.2</u>	<u>112.8</u>	<u>40.4</u>

COMMUNICATIONS AND ELECTRONICS

B005	SINCGARS	750 21.0	8225 138.0	2389 34.0	2592 41.0	
B026	Small Unit Tran PRC-68	5200 14.7	5200 15.9	5200 16.6	5200 17.9	5200 18.4
B053	Radio St PRC-70	288 10.0	100 3.6			
B100	Mult Ch Radio GRC-209			15 0.6		
B103	Pwr Suply PP-6148	363 2.7				
B133	Hand Crank Gen G-76	532 3.3				
B233	Std Swbr TRC-175					
B348	Orderwire Control Unit I	106 5.2	125 5.7	233 10.7	2 1.4	
B349	Orderwire Control Unit II	43 2.4	43 2.3	43 2.4	103 5.2	
B350	Digital Data Modem	106 3.8	125 4.2	231 7.7	43 2.6	43
B433	Radiac Set VDR-2	2370 3.2				
B438	Radio Repeater TRC-174	60 33.6	73 39.5	58 27.7	44 21.8	
B505	Loop Grp Mxplr TD-1235	11 0.4	30 0.9	13 0.4		
B510	Remote Loop Grp Mxpl	1318 32.1	1318 29.3	1318 29.7		
B517	Master Grp Mxpl	110 5.9	110 5.4	110 5.4	110 6.0	110 6.1
B524	Remote mpx combiner	712 20.8	712 18.9	712 18.9	712 20.7	712 21.9
B525	Radio Set GRC-103	145 10.4				
B526	Low Sp Cable MD-1023	615 11.7	615 11.3	615 11.2	615 12.4	615 12.5
B530	Hi Sp Cable MD-1024	106 2.4	106 2.3	106 2.3	106 2.6	106 2.6
B531	Lo Sp Pulse Res	361 1.4	361 1.3	361 1.3	361 1.4	361 1.4
B533	Hi Sp Pulse Res TD-1219	116 0.4	116 0.4	117 0.5		
B534	OCU TS-3647	122 1.2	122 1.2	122 1.2		
B535	RLGM-CDM MD-1025	121 2.2	121 1.9	121 1.9	121 2.0	121 2.1
B537	Grp Modem MD-1026	316 9.0	316 8.3	316 8.3	316 9.2	316 9.4
B561	Central Ofc Tel TTC-42	42 34.1	42 37.0	42 37.2	42 35.4	42 37.3
B591	Telephone Field	1160 0.9				
B760	Teletype term UGC-74	522 7.2				
B77702	Radio Term TRC-170					
B811	Battery Charger PP-7286	521 6.8	521 6.2	521 7.9	521 7.0	3 0.6
B834	Radar Set PPS-15		192 7.0			521 7.4

COMMUNICATIONS AND ELECTRONICS (Continued)

	FY 85	FY 86	FY 87	FY 88	FY 89
B924 Computer/Ind CP-696	269 0.8	269 0.8	269 0.8	269 0.8	269 1.5
B955 Sound Ranging Set	62 1.2				
B965 Antenna Mast MT 4825	5 -	3 -	3 -	10 1.3	4 0.1
B983 Chirp Sounder	24 7.0	24 7.2	24 7.4		
K079 Test Sta Elec Eq		1 3.7			
K184 Direct Spt Auto Test		15 19.5	32 42.3	32 40.7	32 43.5
K289 Manpack Sat UHF term		108 3.7			
K415 Night Vis Sight PVS-4	4340 11.9	4340 13.1	4340 13.9	4340 14.3	4340 15.6
K459 Veh Sat UHF Term VSC-7	2 0.1				
K476 Sat Term TSC-93A	50 28.4	50 29.2	49 29.5		
K477 Sat Comm Term TSC-85A	35 34.5	35 35.5	28 36.6		
K523 Test Station OQ-290	19 42.6				
K525 Equip Repair Fac	19 7.0				
T505 Speech Sec TSEC KY-58		2261 12.0	2261 12.4	2261 12.7	2261 13.2
T530 Loop Key Gen TSEC KG-82	734 3.3				
T535 Key Van Gen TSEC KG-83	43 0.8				
T545 Dig Sub voice TSEC KY-68		1537 6.0	1537 6.0	1537 6.0	1537 6.3
T575 Lkg/Cu HGX-82	972 3.7				
T580 Auto Key DC HGX-83/"	49 2.3	45 2.1		85 4.0	
T680 Auto Key DC KGX-93/"	56 1.6	28 1.1	28 1.1	28 1.1	
B296 Storage Shelter S-640	27 2.3				
B819 Tactical Computer Sys			50 64.7		
K029 Power sply PP-6224	1230 3.5	1230 3.6	1230 3.7	1230 3.8	1230 3.9
K375 TAM-6 Maint Fac		35 7.4			
V023 CM Set TLQ-17A	19 9.1				
TOTAL	406.7	485.5	444.3	271.3	206.4

OTHER SUPPORT EQUIPMENT

	FY 85	FY 86	FY 87	FY 88	FY 89
G392 Tool outfit Hydr Rep	53 2.7	75 4.1	-16 -1.0	-75 4.6	
M002 Auger Earth 9'	30 2.2	40 3.1	16 1.3		-45 -10.0
M005 Compressor, Air	210 0.7	600 2.3	600 2.4	700 3.0	800 3.6
M013 Crane 20T RT					245 102.9
M020 Dist Water 1000 g	80 7.1	80 7.3	81 7.6		
M021 Trlr, Flatbed 12-18T	200 4.6	200 4.8	200 5.0	136 3.6	
M067 Crane-shovel 20T		100 17.1	99 17.8		-199 -39.4
M076 Mxr Rotill			47 6.4		-47 -7.2
M098 Compressor 250 CFM		350 8.9			
M127 Pump Centrifugal	13 0.7				

OTHER SUPPORT EQUIPMENT (Continued)

	FY 85	FY 86	FY 87	FY 88	FY 89
M157 Sm Mobile Water Chiller	34 0.6	110 2.0	21 0.4	185 4.2	120 2.9
M190 Tank Assembly Fabl Coil		45 0.7	66 1.2	75 1.4	
M266 Bridge Float Ribbon	135 5.1				
M267 Bridge Float Ramp	24 1.2				
M302 CZH Tact Shelter	182 17.1	99 9.8		168	188 21.3
M303 CZH Tentage	220 5.2	121 2.8	84 2.1	106 -2.7	-401 -11.2
M304 CZH Tact Shelt 1 side	347 24.1	434 32.6	343 26.3	72 5.6	442 35.8
M412 Truck, Forklift 50K lbs	53 13.1	53 13.9	53 14.7	53 15.6	53 16.5
M413 Truck, Forklift 4K lbs, RT		203 13.6			-203 -14.0
M489 Truck, Forklift 6K lbs	81 6.6	319 27.0		209 19.4	
M501 Gen DE 20KW 450Hz		120 4.2	32 1.2		
M504 Gen DE 200KW 60Hz			53 4.5		
M513 Gen DE 1.5KW 28V	500 1.5	500 1.6			
M514 Gen DE 3KW 60Hz	1000 6.1	576 3.7		1383 10.5	
M550 Gen DE 1.5KW 60Hz	2224 6.2	2224 6.4			
M565 Gen DE 10KW 60Hz			25 0.6		
M530 Gen DE 100KW 60Hz	282 15.2	282 15.7	200 11.5	282 16.6	282 17.1
M617 Shop Eq STLR Mtd	50 13.0	50 13.6	15 4.2		-50 -15.2
M624 Tool outfit, pioneer	320 8.5	320 9.2		-10 0.3	-300 -9.7
M649 Tank Assy PAB	645 6.5				
M673 APPS/Photo Locators	17 2.2				
M674 Decontain App XM-17	250 5.8	267 6.2	267 6.4	266 6.7	266 7.1
M721 Floodlight Set					950 13.7
M99501 Mask, Prot A/C M24	12674 4.1				
R028 Scraper Earthmoving	200 56.4	200 58.3			
R032 Compactor HS Tamp	63 8.6	63 8.9	63 9.2	63 9.5	63 9.7
R033 Roller Vibratory	28 2.1	24 1.8	70 5.5		-24 -2.0
R034 Roller Pneumatic	56 1.7	25 0.8			-75 -2.7
R035 Roller Motorized	52 4.4	84 7.2			-118 -10.8
R077 Drill Mach Well	2 1.5	3 1.6	3 2.4	2 1.7	4 3.5
R209 Tanker Mooring Sys		1 3.1	1 3.4		-1 -3.9
R223 Det Set Mine Veh				100 10.9	
R246 Mine Clearing Roller	8 1.6				
R308 Crane Mbl 250T	2 4.4	2 4.6			
R327 Barge Knockdown			8 5.8		
R607 Gen Set 10KW 28V			42 1.2		
M064 Loader, Scoop, 24 cy		68 5.9			
M499 Ramp Mobile, Cont			499 7.5		-450 -7.1
M552 Gen Set GB 7.5KW DC	285 8.3				
TOTAL	249.1	302.8	147.6	110.9	100.9

Senator LEVIN. Figure 8 of your prepared statement categorizes the defense budget annually since fiscal year '80-'85 into various readiness-related categories.

Please provide all the major programs which comprise each of the categories, along with an annual funding breakdown and provide a detailed rationale for the groupings created and the placement of the various programs within the categories.

Dr. KORB. The resource category structure presented in Figure 8 was developed to provide a classification of DoD resources in terms of their contribution to the broad objectives of readiness, sustainability and modernization. Each of these categories is defined in terms of specific budget accounts, program elements or line items. The rationale for assigning a budget element or line item to a specific category is the judgment that the primary purpose of the resources in question is their support to one of these major components of military capability: i.e., readiness, sustainability, modernization or other support of the combat forces.

Specific definitions for each category, along with an indication of applicable appropriation categories are as follows:

Force Structure Equipping and Modernization.—Includes total RDT&E, Procurement of major weapon systems, other weapons equipment, and MILCON for major systems. Appropriations: RDT&E, Procurement, MILCON.

Military Personnel Readiness.—Includes total MILPERS, O&M, Procurement.

Peacetime Force Operations.—Includes fuel, below-depot maintenance, supply and other direct costs of force unit operations and training. Appropriation: O&M.

Centrally-Managed Materiel Readiness.—Includes depot maintenance, procurement of initial and peacetime replenishment spares and funding for stock fund inventory augmentation. Appropriations: Procurement, O&M, Stock Fund.

Other Central Logistics.—Includes procurement of aircraft and other equipment modifications, ship conversions, ship alterations and refit materiel and logistic support equipment; O&M for central supply, transportation, logistics support activities. Appropriations: Procurement, O&M.

Materiel Sustainability.—Includes procurement of munitions, tactical missiles, war reserve spares and consumables, industrial preparedness operations and production base investment. Appropriations: Procurement, O&M, Stock Fund.

MILCON, Facilities and Other Support.—Includes MILCON (except for major systems), Family Housing, real property maintenance activities and other base operating support; O&M for communications, intelligence, administration and other support. Appropriations: MILCON, Family Housing, O&M.

Retired Pay.—For fiscal year 1980 through fiscal year 1984, includes Retired Pay appropriations; For fiscal year 1985; amounts budgeted for retired pay accrual. Appropriations: Retired Pay, MILPERS.

An annual funding break down by Appropriation for each category is as follows:

DOD FUNDING BY FUNCTION AND APPROPRIATION

[TOA in constant fiscal year 1984 dollars, billions]

Category/appropriation	Fiscal year—					
	1980	1981	1982	1983	1984	1985
Force structure equipping and modernization:						
RDT&E.....	17.9	20.2	22.9	24.9	28.1	34.0
Procurement.....	32.2	37.5	47.3	60.5	60.7	69.8
MILCON.....	.1	.1	.2	.3	.3	.6
Subtotal.....	50.2	57.7	70.5	85.7	89.1	104.4
Military personnel readiness:						
MILPERS.....	46.0	46.7	48.4	49.5	51.1	52.7
O&M.....	5.0	5.5	6.2	6.5	6.8	7.4
Procurement.....	.2	.1	.2	.2	.3	.4
Subtotal.....	51.2	52.3	54.7	56.2	58.3	60.5
Peacetime force: Operations: O&M.....	14.4	15.8	17.6	18.3	19.0	20.6

DOD FUNDING BY FUNCTION AND APPROPRIATION—Continued

[TOA in constant fiscal year 1984 dollars, billions]

Category/appropriation	Fiscal year—					
	1980	1981	1982	1983	1984	1985
Centrally—Managed materiel readiness:						
Procurement.....	3.7	5.9	7.4	8.2	9.1	10.3
O&M.....	10.9	12.4	13.2	14.5	15.2	17.3
Stock fund.....				.3	1.9	1.3
Subtotal.....	14.7	18.3	20.6	22.9	26.2	28.8
Other central logistics:						
Procurement.....	7.4	9.2	10.5	10.3	10.4	14.3
O&M.....	8.0	8.0	8.7	8.5	8.6	9.4
Subtotal.....	15.4	17.2	19.2	18.8	19.0	23.7
Materiel sustainability:						
Procurement.....	5.0	7.4	10.6	9.5	10.1	12.8
O&M.....	.2	.2	.2	.2	.2	.2
Stock fund.....		.6	.4	.7	.6	.5
Subtotal.....	5.2	8.2	11.2	10.4	10.8	13.5
MILCON, facilities and other support:						
MILCON.....	2.8	4.0	5.3	4.4	4.8	6.5
Family housing.....	2.0	2.4	2.5	2.9	2.8	3.2
O&M: BOS/RPMA.....	13.1	15.0	16.2	16.3	16.3	17.2
O&M: Other support.....	7.0	6.2	5.9	7.1	7.8	9.6
Subtotal.....	24.9	27.7	30.0	30.7	31.7	36.4
Retired pay:						
Retired pay appropriation.....	15.4	16.0	16.3	16.5	16.8	
MILPERS: Retired pay accrual.....						17.6
Total DOD.....	191.3	213.2	240.1	259.5	270.8	305.7

Note: Figures may not add due to rounding.

Senator HUMPHREY. The subcommittee is adjourned.
 [Whereupon, at 3:35 p.m., the subcommittee adjourned, subject to
 the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1985

TUESDAY, MARCH 13, 1984

**U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
*Washington, D.C.***

U.S. ARMY READINESS, OPERATION AND MAINTENANCE BUDGETS, AND RESERVE COMPONENT STATUS

The subcommittee met in open session, pursuant to notice, at 10 a.m. in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senator Humphrey.

Staff present: Michael B. Donley, James C. Smith III, and John G. Campbell, professional staff members; Marie Chaillet and Patricia L. Watson, staff assistants.

Also present: Ronald P. Kelly, assistant to Senator Humphrey, and Michael A. Fainberg, assistant to Senator Bingaman.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. Good morning.

The subcommittee meets today to receive testimony on Army readiness and the O&M request for fiscal year 1985.

Our witnesses this morning are Lt. Gen. Fred K. Mahaffey, Deputy Chief of Staff, Operations and Plans, U.S. Army; Maj. Gen. Herbert R. Temple, Jr., Director, Army National Guard, National Guard Bureau; and Maj. Gen. Harry J. Mott III, Deputy Chief, Army Reserve.

STATEMENT OF LT. GEN. FRED K. MAHAFFEY, U.S. ARMY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, ACCOMPANIED BY MAJ. GEN. BOBBY B. PORTER, DIRECTOR, MILITARY PERSONNEL MANAGEMENT, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY; BRIG. GEN. JACKSON E. ROZIER, JR., DIRECTOR, PLANS AND OPERATIONS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS, DEPARTMENT OF THE ARMY; AND COL. CAREY E. WILLIAMS, CHIEF, PROGRAM BUDGET DIVISION, OFFICE OF THE COMPTROLLER OF THE ARMY, DEPARTMENT OF THE ARMY

General MAHAFFEY. Mr. Chairman, I appreciate this opportunity to appear before your subcommittee to discuss Army readiness.

Before I begin, I would like to introduce Maj. Gen. Bobby Porter, who represents the Deputy Chief of Staff for Personnel; Brig. Gen. Jackson E. Rozier, who represents the Deputy Chief of Staff for Logistics; and Col. Carey E. Williams, who represents the Comptroller of the Army.

I believe the series of readiness hearings held by this subcommittee will result in public reassurance that Army readiness has improved proportionately to increased defense spending, and that continued support for adequate defense resourcing is essential in fulfilling the Nation's and the Army's readiness requirements.

I have submitted a formal statement for the record, but I would like now to highlight a few of the more important aspects of that statement.

First, be assured that readiness is the Army's first priority. It is the core of our planning, programing, budgeting, and execution efforts.

A key point, which I will discuss later in more detail, is that readiness should be viewed as the total capability of the units of the Army—both Active and Reserve components to carry out their assigned missions successfully—to fight, sustain themselves, and win.

For the past 3 years, the Army has made significant improvements in its readiness posture. Today's improved force readiness is directly related to congressional support over the past 3 years, just as tomorrow's readiness will ultimately depend upon today's level of funding.

As you know, the world is a far more dangerous place today than in many years. International terrorism and state-sponsored terrorism and other threats to peace jeopardize our interests on a global scale. That is why 43 percent of the Army is deployed overseas keeping the peace in Europe and Korea and supporting other U.S. commitments.

As you saw recently in Grenada, Army rangers and paratroopers responded rapidly, effectively, and decisively to Presidential direction to restore order. Their performance underscores the importance of rapidly deployable land forces and illustrates the fighting spirit, high morale, and outstanding state of preparedness of today's Army.

In response to the global challenges which our Nation faces, the Army currently stands in the midst of a period of great transition.

Virtually every function and facet of the Army is being changed and improved; its operational concepts, its structure and organization, its training, its people, and its equipment.

These improvements in capability underscore the role of land power as a key instrument of national policy.

Mr. Chairman, to the Army, readiness is all-encompassing, and I would emphasize the inextricable linkage among the four pillars of defense: Readiness, modernization, force structure, and sustainability.

For example, the acquisition of M-1 tanks is normally considered as modernization. But, in fact, it adds a whole new dimension to unit and force readiness. The ability of the M-1 to move more quickly and quietly across the battlefield, to fire accurately and effectively at high speeds day or night, to achieve improved survivability, and to undergo major repairs in less time than its predecessor—these features have all affected both force sustainability and today's readiness.

In Germany we have over eight battalions of M-1 tanks, which for the past 2 years have participated in the Autumn Forge series of exercises to include Reforger. For both years the operationally ready rate for these tanks was over 95 percent.

Last summer in the biennial NATO Tank Gunnery Canadian Cup Competition a company of our young soldiers with their new M-1 tanks fired better than any other U.S. competitive unit in Central Army Group in the past 20 years.

Our soldiers believe they can fight outnumbered and win with the equipment coming into their hands. Building that kind of confidence is fundamental to our entire modernization program and thus to readiness.

Readiness is also enhanced by our efforts to foster cohesion throughout our Army. The history of war shows that cohesive units are tougher, stay together, and survive better in combat.

Innovative leadership and management actions, regimental affiliation, and broadening of the battalion rotation system are working to strengthen unit cohesion and the bond among soldiers.

Similarly, in this the "Year of the Army Family" our family action plan will help to insure that the needs and welfare of family members throughout the Army receive the attention they deserve.

Soldiers and their families are entitled to the same quality of life as the society they are pledged to defend. In a fundamental way, the readiness of the Army ultimately rests on supportive, strong families.

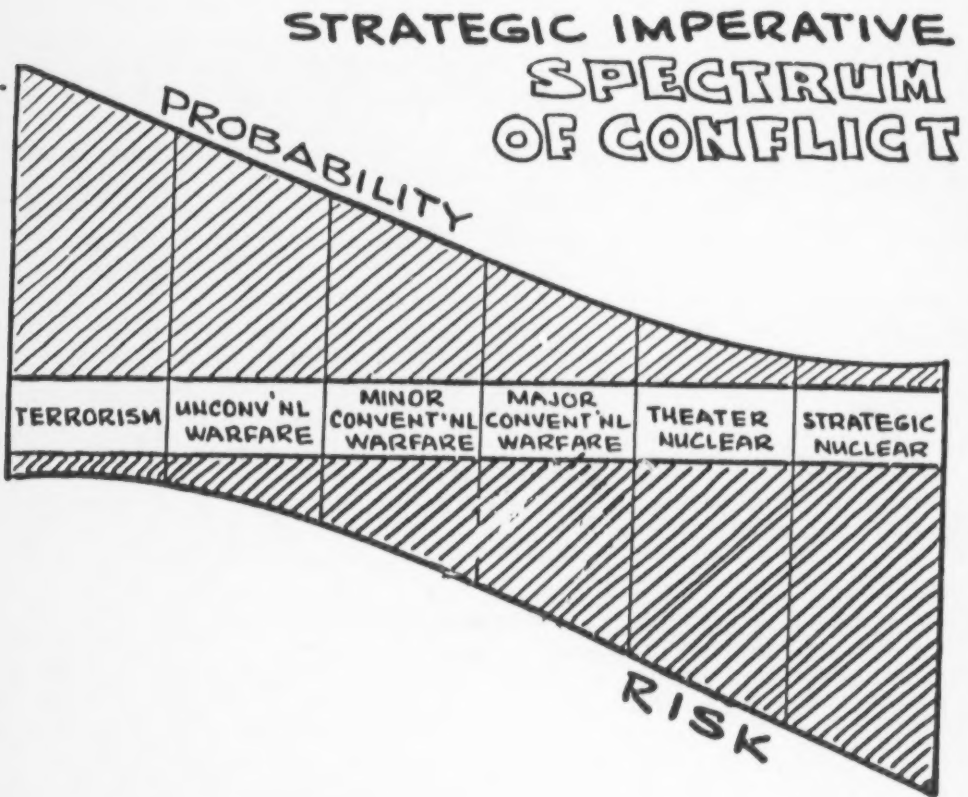
The Army in 1984 is the most capable Army that I have seen in almost 30 years of service, one of which you can be proud and it is growing stronger through improved readiness, continued modernization, improved sustainment, and a balanced force structure among the Active and Reserve components.

In the remainder of the time I have with you, I would like to highlight progress in each of these areas.

I would also like to briefly discuss the Army's formal status reporting system and outline ongoing initiatives to establish a system which will complement the unit status report by measuring the increases in capability the Army is experiencing under modernization.

FORCE STRUCTURE

The Army must have flexible forces, readily tailored to meet one or more simultaneous contingencies. In a strategic sense, these forces must be postured for global response and be rapidly deployable in preconflict situations where presence can constitute deterrence and in hostile environments anywhere along the spectrum of potential conflict and strategic nuclear exchange as shown on this chart.



The Army's force structure priorities, as this chart shows, center around unit reorganization and modernization.

ARMY FORCE STRUCTURE FY 85

HEAVY DIVISIONS

- CONTINUE MODERNIZATION
- REFINE DIV 86 DESIGN
- CONTINUE BRIGADE ROUNDOUT

INFANTRY DIVISIONS

- CONVERT 7TH ID TO 10K DESIGN
- ACTIVATE 17TH AC DIV

HIGH TECH MOTORIZED DIVISION

- SUSTAIN HIGH TECHNOLOGY EFFORT
- FOCUS ON TACTICAL MOBILITY & FIREPOWER
- FIELD OPERATIONAL HTMD BY FY 86

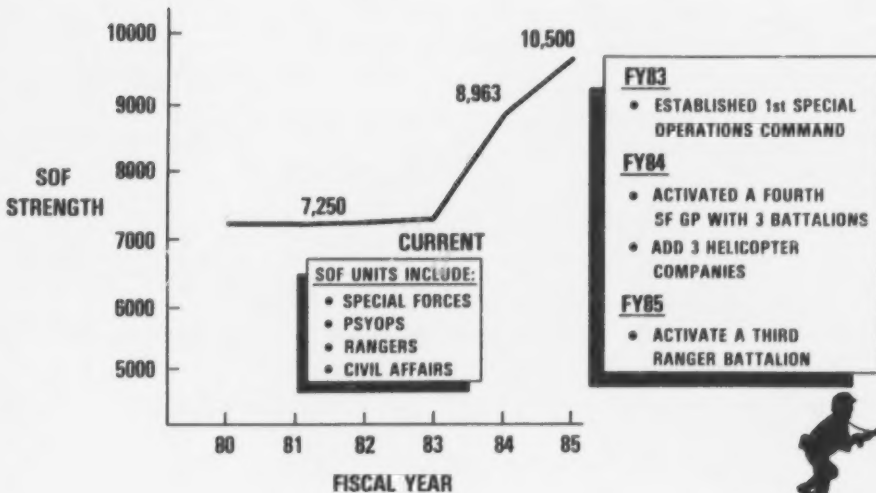
<u>TYPE DIVISION</u>	<u>AC</u>	<u>RC</u>
AIRBORNE	1	0
AIR ASSAULT	1	0
STANDARD INFANTRY	2	5
LIGHT INFANTRY	2	0
HTMD	1	0
MECHANIZED	6	2
ARMOR	4	2

Our heavy divisions, mechanized and armor divisions, will continue to convert to streamlined Division 86 unit designs, a Conus infantry division will convert to a new 10,000 light infantry division design, and we will activate a 17th new light infantry division during that same fiscal year.

Our program will increase unit readiness and reduce hollowness by increasing the level of manning in tactical support and special operations forces units. This chart highlights the emphasis we are placing on improving special operations forces capabilities.

SPECIAL OPERATIONS FORCES

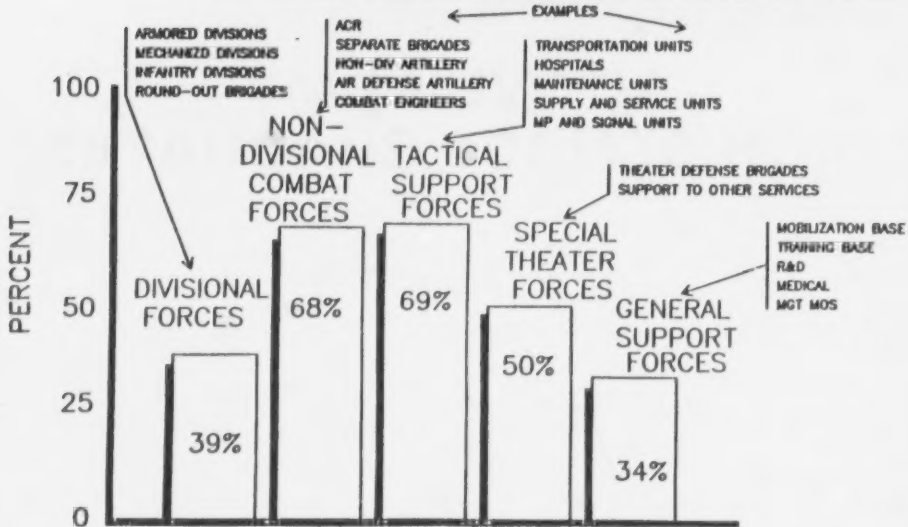
SOF STRUCTURE IMPROVEMENTS



In addition, we will add units to improve command and control, improve combat service support, and increase the total number of combat maneuver battalions in fiscal year 1985.

Our force structure also reflects deliberate shifts toward an expanded role for the Reserve component forces. This is probably the most profound change in the Army over the last 10 years in terms of force structure. As this chart shows, the contribution of the Reserve component to total Army is highly significant.

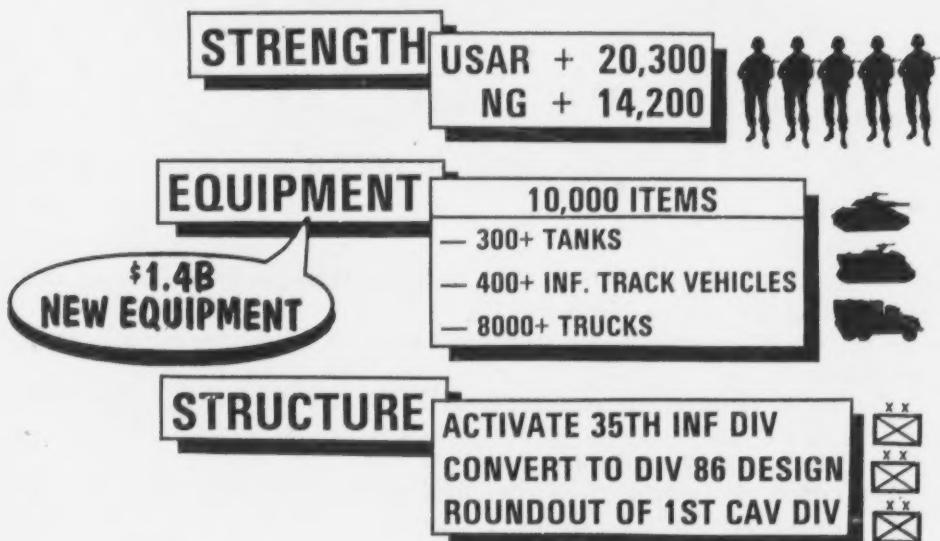
RESERVE COMPONENT FORCES CONTRIBUTION TO THE TOTAL ARMY FORCE (26 DIVISION) FY 85



In this respect, improving the readiness of National Guard and Army Reserve units must continue to be a top priority. In fiscal year 1984 we are issuing over \$900 million, and in fiscal year 1985 over \$1.4 billion of equipment to the Guard and Reserve.

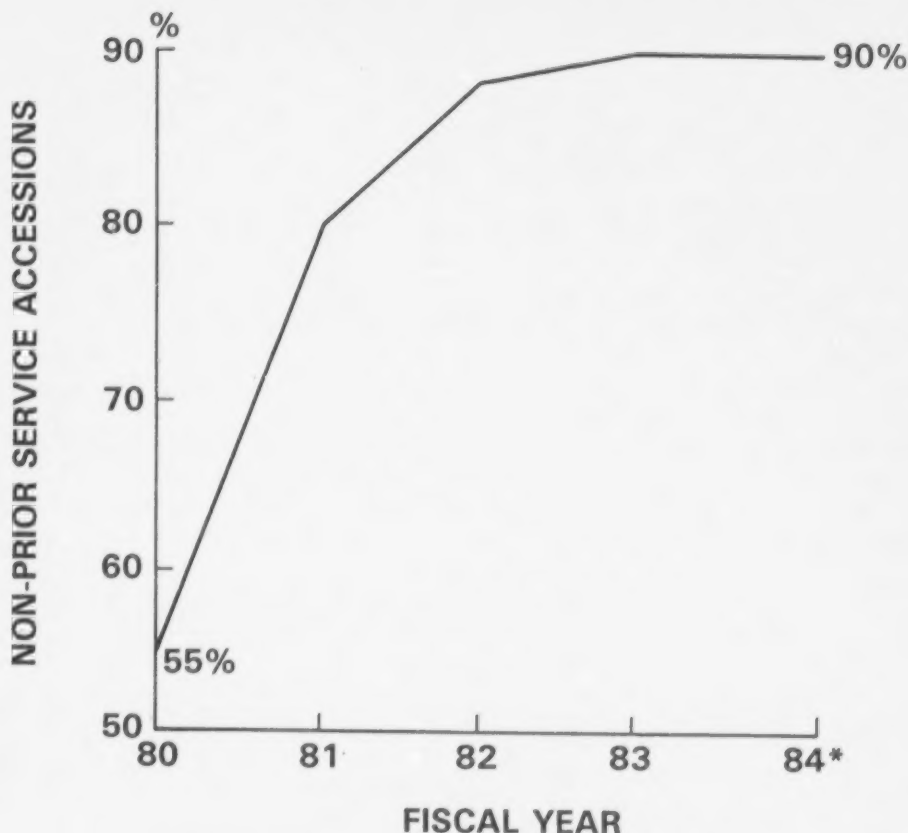
This chart illustrates how we are sustaining both readiness and modernization initiatives for our Reserve components.

RESERVE COMPONENTS MODERNIZATION



The rising quality of our soldiers has also greatly contributed to improved personnel readiness. As this chart demonstrates, we have had significant gains in high test-score recruits and the percentage of recruits with high school diplomas.

ACTIVE ARMY HIGH SCHOOL GRADUATES



***PROJECTED**

While a diploma does not guarantee better performance, it does mean that the soldier is more likely to complete his enlistment, is less prone to problems of indiscipline, and is demonstrably more trainable.

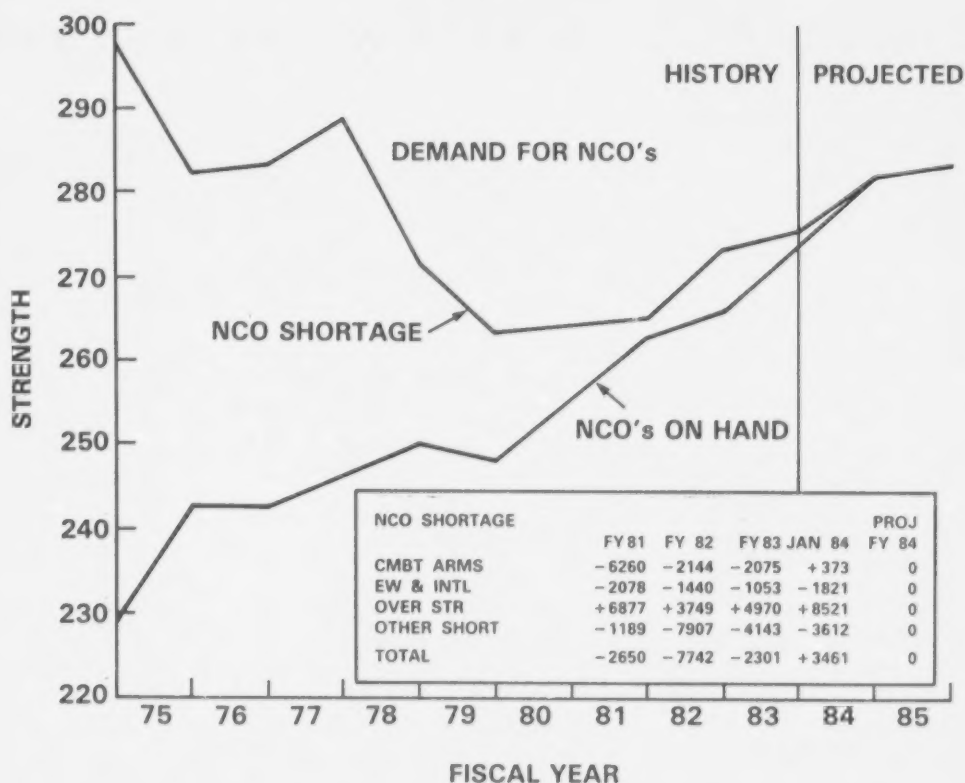
Reduced crime statistics, lower AWOL and desertion rates and a significant decrease in drug abuse attest to the quality and professionalism of today's soldiers.

Increased recruiting resources and expertise, enlistment bonuses and the Army College Fund are significant factors which enhance our ability to attract and keep the soldiers we need. However, as demographics change and the economy improves, we will need con-

tinued congressional support to keep the quality soldier in the Army.

Adding to our personnel readiness has been the elimination of our longstanding noncommissioned officer shortage. As the chart shows we were 68,000 NCO's short in fiscal year 1974, and we closed that gap last December.

TOP 5 ENLISTED STRENGTH E5-E9



We are still concerned, though, about shortages in high technology, highly marketable skills. Our best means to limit these shortages are intensive management and smart use of the selective re-enlistment bonus.

The Army's recent decision to limit active end strength has made it even more important that the Army Reserve and National Guard be made fully capable of fulfilling their part toward total Army readiness.

In this regard, we have identified a need for about 16,000 additional full-time support [FTS] (all AGR) personnel for fiscal year 1985.

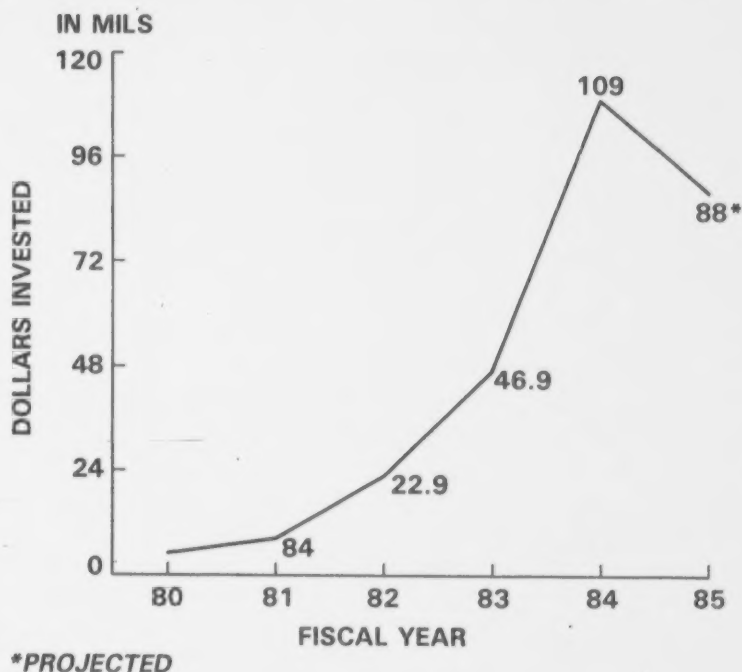
Your continued support for this program will help insure that our Reserve components will be able to perform better the missions we ask of them.

As this committee well knows, training is also a critical dimension of readiness. The Army must have high quality individual and unit training programs to develop combat ready forces.

With the support of Congress, the Army has made significant progress. I will highlight just a few of many training improvements.

As this chart shows, investment in the Army's range modernization program has dramatically increased.

RANGE MODERNIZATION INVESTMENT



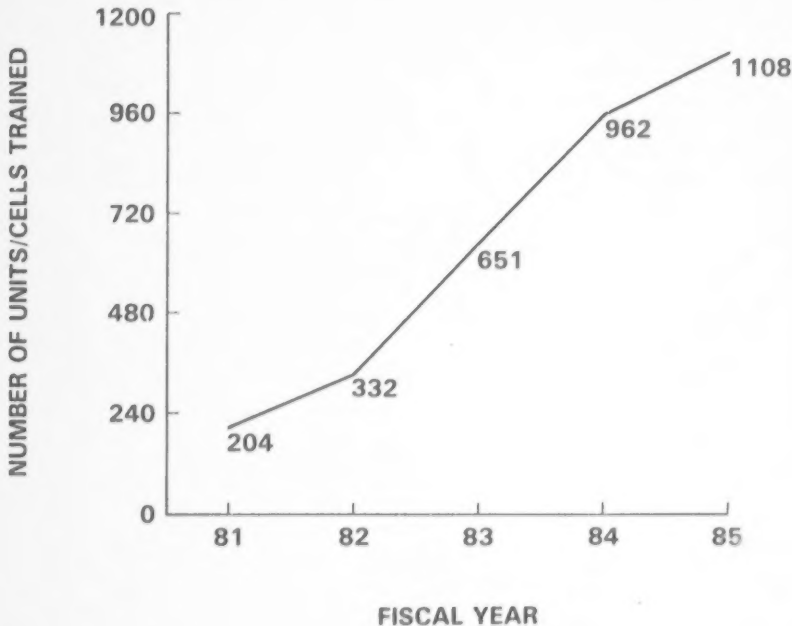
This investment provides for new and modern ranges to meet requirements generated by force modernization, modified ranges and facilities to support new and enhanced training programs, and upgrade of existing ranges rendered obsolete by two decades of underfunding.

The significant improvements in fiscal years 1982-84 were centered on meeting the need for tank and Bradley fighting vehicle ranges both in the United States and overseas.

The dip in 1985 was caused by a shift by Congress of \$7 million in fiscal year 1985 projects into the fiscal year 1984 program and by the deletion of a \$38 million multipurpose range complex at Fort Carson, Colo., which was shifted to the fiscal year 1986 program.

Your continued support for range modernization investment will pay high dividends in soldier training and unit proficiency.

RC OVERSEAS DEPLOYMENT TRAINING



As this chart shows, Reserve component deployment training has greatly increased, providing realistic, out of country training for Reserve component units whose wartime deployment falls in the D to D plus 60 category.

This training is designed to strengthen the relationship between Active units and their supporting Reserve components through so-called Capstone alignments, and provides intense and demanding training in a real world environment.

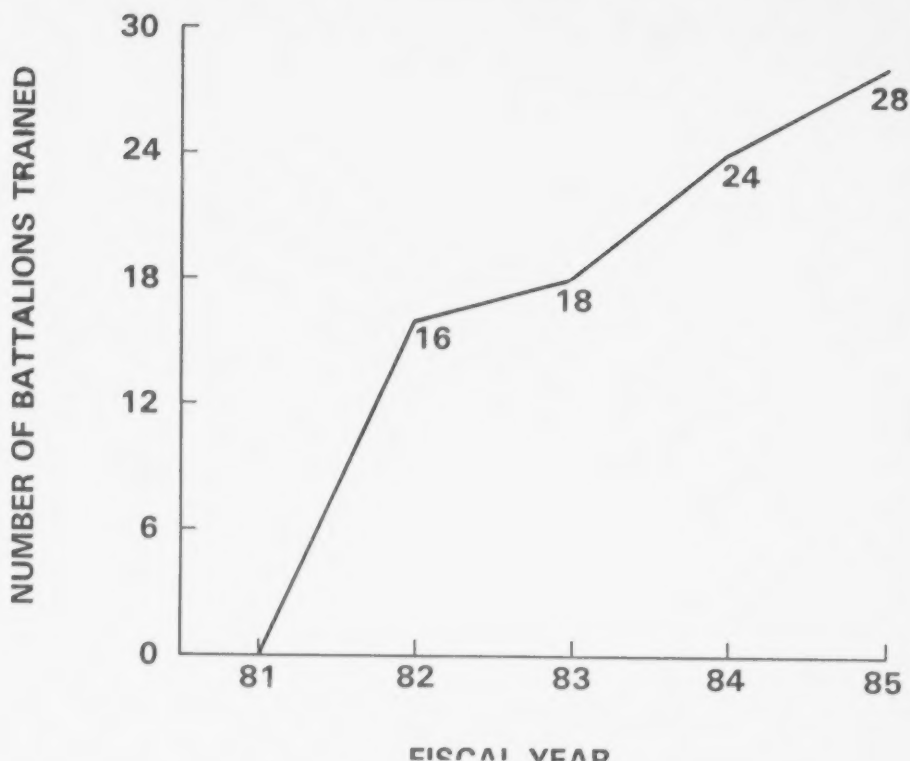
The National Training Center [NTC], Fort Irwin, Calif., is a true national asset which provides the most demanding, most realistic training environment for both Active and Reserve units to perfect their tactical proficiency.

It provides the most rigorous combined arms training experience possible, short of actual combat; the best training found anywhere in the world. This permits objective assessment of a unit's current training readiness, while simultaneously improving the proficiency of unit leaders and building unit cohesion.

Lessons learned are promulgated throughout the Army to improve training/readiness and doctrine.

As you can see on this chart, 28 battalions, to include 5 Reserve component battalions, are programed to train at the NTC in fiscal year 1985.

NATIONAL TRAINING CENTER

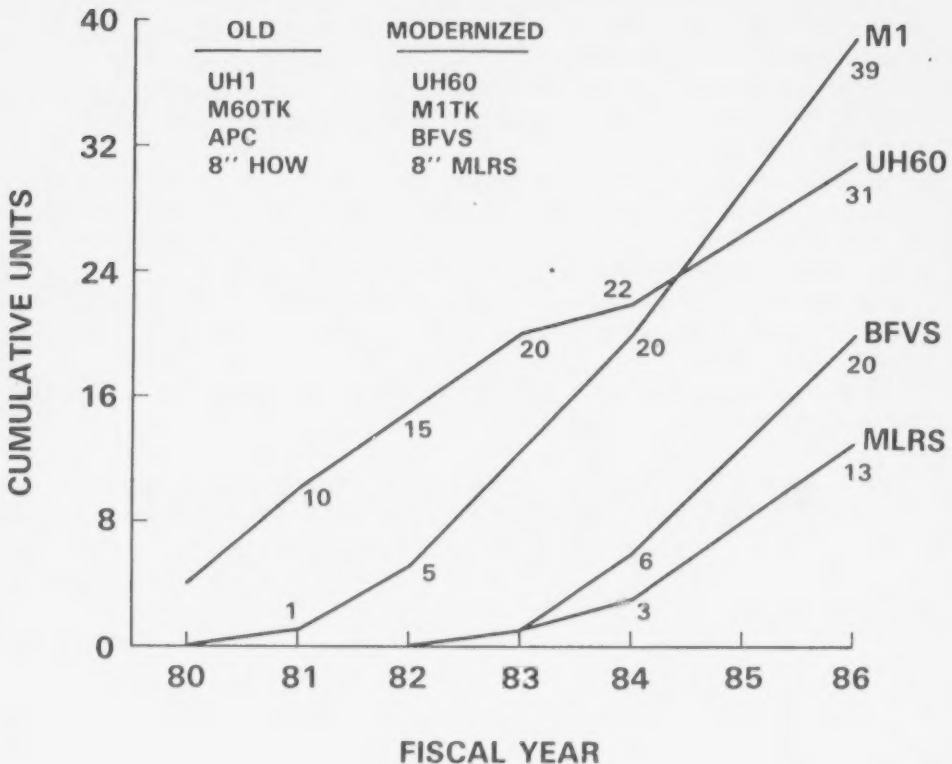


An area of training efficiencies showing significant innovation and potential we believe is our Standards in Training Commission (STRAC) training strategies. These training strategies are designed to establish minimum essential levels of live training ammunition required to attain and sustain specified levels of individual, crew, and unit weapons proficiency for both Active and Reserve components.

Through the use of training aids, devices, simulators, simulations, and subcaliber firing in lieu of actual main gun ammunition, we expect to achieve substantial savings in training costs and significant improvements in training readiness.

In the area of modernization this chart shows that the fielding of critical new systems is now well underway. These batteries of the multiple launch rocket system have been fielded adding significant firepower to the 8-inch/MLRS artillery battalions.

UNIT MODERNIZATION



Bradley fighting vehicle systems have been fielded in six mechanized infantry battalions giving these units greatly enhanced fighting capability and protection.

UH-60 Blackhawk utility helicopters have been fielded in 22 aviation companies. The UH-60 enjoys the highest operational readiness rating of any helicopter fielded, and, as you know, acquitted itself extraordinarily well in Grenada.

The M-1 Abrams tank has been fielded in 20 tank battalions, 19 in the Active and one in the Reserve components. Its superior performance, agility, speed, armor protection, and firepower provide a quantum increase in combat capability.

Additional modern systems will be fielded in increasing numbers over the next 2 years, providing enhanced combat capabilities to defeat the threat.

We need your continued support to insure our soldiers have the equipment they need.

SUSTAINABILITY

We have made substantial improvements in our ability to sustain the force, enhancing our ability to stay on the battlefield.

The impact of additional resources has improved wartime readiness through increases in POMCUS, war reserve stocks, and improved depot maintenance.

With our current projected level of stockage for fiscal year 1985, we will have reduced days of airlift by approximately 65 percent, a significant readiness benefit.

Our stocks of major equipment, secondary items, ammunition, fuel, and other material are prepositioned forward in the theaters of operation to sustain the combat force until the production base can accommodate wartime resupply demands.

Among our major short-term objectives are the reduction of ammunition shortages and increases in secondary item stockage levels.

This chart underscores our committed investment to improving the condition of war reserve stocks.



A comprehensive depot maintenance program is vital to the sustainment and readiness of combat forces.

Remembering the concern of this subcommittee last year, I can report that we are turning around the growth of the depot maintenance backlog with the fiscal year 1985 budget.

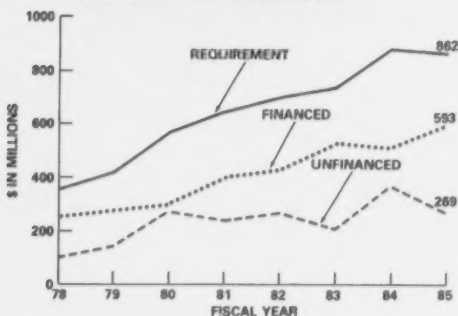
DEPOT MAINTENANCE PROGRAM

MATERIEL MAINTENANCE AND MAINTENANCE SUPPORT

THE DEPOT MAINTENANCE PROGRAM HAS TWO ACTIVITIES:
MATERIEL MAINTENANCE AND MAINTENANCE SUPPORT.

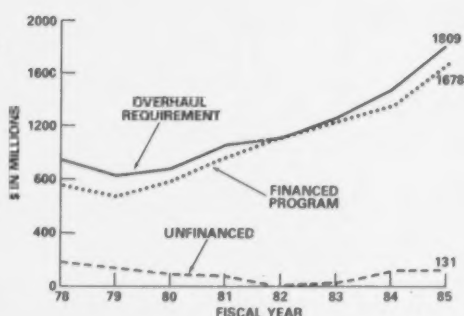
MAINTENANCE SUPPORT

INCLUDES MAINTENANCE ENGINEERING; UPDATE AND PRINTING OF MAINTENANCE PUBLICATIONS; NEW EQUIPMENT TRAINING; TECHNICAL ASSISTANCE TO TROOPS IN THE FIELD; PROVISIONING; AND DEVELOPMENT AND UPDATE OF DEPOT MAINTENANCE WORK REQUIREMENTS.



MATERIEL MAINTENANCE

CONSISTS PRIMARILY OF THE OVERHAUL, REPAIR, AND RENOVATION OF MATERIEL FOR RETURN TO THE SUPPLY SYSTEM.



The chart on the left highlights maintenance support which includes maintenance engineering and technical services, publication update and printing, and new equipment training.

These activities support all levels of Army maintenance. Maintenance support has traditionally not kept pace with increasing requirements.

The fiscal year 1985 budget reverses the negative program growth in fiscal year 1984 and reduces the backlog by \$101 million. The urgency to better support this maintenance support effort is such that the Army has chosen to accept a larger material maintenance backlog to insure growth in this program.

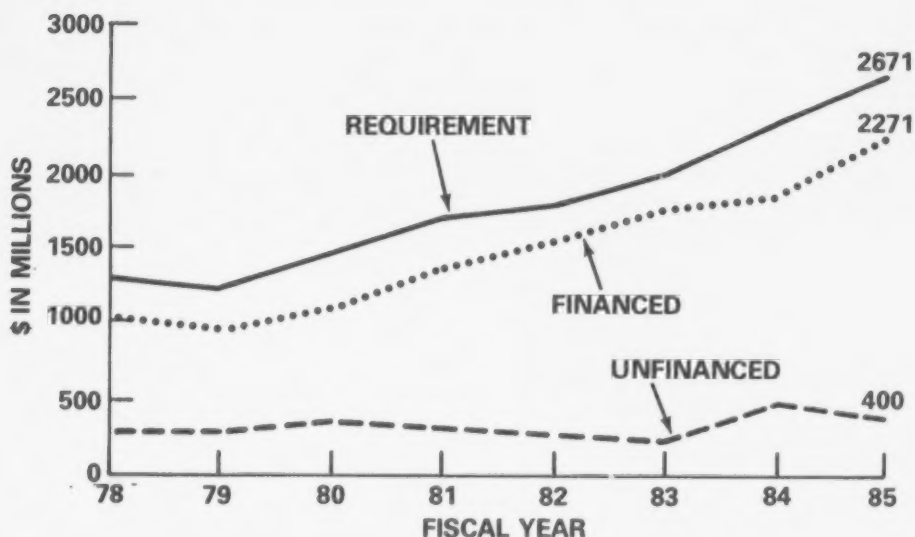
Material maintenance funds the actual depot overhaul, repair, and modification/conversion of major and secondary items.

The chart on the right shows that, although our overhaul requirement is projected to grow \$332 million from fiscal year 1984 to fiscal year 1985, we have restrained the unfinanced requirement to only \$2 million.

Considering the effects of inflation, this represents a slight decrease in the actual backlog.

In summary, this chart demonstrates our total depot maintenance program. With the fiscal year 1985 budget, we will be able to reduce the total maintenance backlog by \$99 million.

TOTAL DEPOT MAINTENANCE PROGRAM



With your continued help, we will maintain the momentum in meeting the challenges of sustainment.

Mr. Chairman, I have attempted to address the perception that readiness, sustainability, modernization, and force structure are separate entities.

In fact, as I have tried to illustrate, they are interrelated and cannot be considered separately. A balanced force structure and increases in both modernization and sustainability contribute directly to increased force readiness.

UNIT STATUS—ARMY READINESS AND CAPABILITY

The Joint Chiefs of Staff system for measuring unit availability for employment and deployment is the unit status and identity report.

It is paradoxical that unit status ratings do not fully reflect the many improvements in Army readiness that I have previously mentioned.

The reasons for this are that the unit status reporting system is not designed to completely reflect improvements in capability or readiness resulting from modernization and that the numerous documentation changes required during the modernization process often have the effect of seeming to decrease unit status ratings.

Let me briefly discuss each of these reporting problems and what we are doing about them.

It is important to understand that the unit status report is first and foremost a management tool for comparing on-hand personnel and equipment resources with wartime requirements specified in authorization documents.

It also provides the means for a subjective training rating by the unit commander. The unit's overall rating is equal to the lowest rating computed in the three rated areas.

The report provides a snapshot of a unit's status at a specific point in time and, as such, is basically a "static" indicator.

Readiness and unit capability, on the other hand, are "dynamic," and involve much more than just the fill level of people and things. They are dependent on the size, type, and location of the threat, and such factors as unit status, its ability to mobilize and deploy, modern equipment to include effective command and control, the quality of its soldiers, effective leadership, and availability of war reserves.

Unit status, then, is just one indicator the Army uses to evaluate the broader aspects of unit or force readiness and capability.

Unit status report trends show that the rated areas of personnel and training have improved since 1980. For example, the number of major combat units Active and Reserve, rated C-3 or better in the areas of personnel and training, have increased by 63 and 35 percent, respectively.

Equipment ratings, however, do not show the same rating trends despite major readiness and capability gains realized through modernization, improved sustainability, et cetera.

Documented authorization and requirement changes for equipment are frequently made to support new organizational designs and doctrinal concepts which are designed to optimize our combat effectiveness against the threat.

As soon as a unit's wartime requirements are changed, it must compare its on-hand equipment to these new requirements. As a result, unit status ratings can drop overnight, although the actual equipment on hand, and the capability of the unit has not been decreased; in fact, may have increased.

Said another way, as new equipment is received, readiness and capabilities increase, but the unit status report will not change until enough equipment has been received to meet the newly established reporting criteria.

Last summer we recognized our documentation and reporting procedures were resulting in misleading unit status ratings and established a policy which allows major subordinate commands to exempt from reporting items of equipment which are authorized, but which will not be received for some time through the equipment modernization process.

As a result of this policy change, the unit status report is starting to now reflect more accurately a unit's actual status in terms of equipment fill.

In addition to that, the Army is currently developing a system to supplement the unit status report in a way which will integrate modernized system improvements to reflect unit capability improvements.

The concept is now under development and by late summer we should be able to forecast when the initial results of the new reporting system will be available.

In summary, every indicator that we have available in the Army tells us that we have more and better people, more and better

equipment, better training, and better support capability, and that's what provides improved force readiness.

At the same time, we are improving our unit status reporting system and developing a capability measuring system to reflect major modernization gains.

A condition of nuclear stalemate underscores the importance of land power to the deterrence of war.

Today's Army is stronger and better equipped to perform that mission than at any time in its recent history. A balanced force of Active, Reserve, and civilian components provides this Nation with a capability to meet the wide range of contingencies for which we must prepare.

We are at a critical juncture today. The progress that we have made in recent years reflects the support and cooperation of Congress. Continued support will be essential to meet the challenges of the future which will confront the Army of excellence.

General Temple and General Mott will now give their prepared summary statement.

When they conclude, I would suggest that we might want to go into closed session for more detailed examination of the unit status reports.

I also understand that you have some specific questions concerning Army appropriations and the O&M account and training readiness indicators.

Colonel Williams from the Comptroller's office and I are prepared to answer questions during that follow-on hearing.

[The prepared statement of General Mahaffey follows:]

PREPARED STATEMENT BY LT. GEN. FRED K. MAHAFFEY, DEPUTY CHIEF OF STAFF FOR
OPERATIONS AND PLANS, U.S. ARMY

Mr. Chairman, I appreciate this opportunity to appear before your subcommittee to discuss Army Readiness. Before I begin, I would like to introduce MG Porter, who represents the Deputy Chief of Staff for Personnel, BG Rozier who represents the Deputy Chief of Staff for Logistics, and COL Williams who represents the Comptroller of the Army.

I anticipate this series of readiness hearings will result in public reassurance that Army readiness has improved proportionately to increased defense spending, and that continued support for defense resourcing is essential in fulfilling the Nation's and the Army's readiness requirements.

First and foremost, be assured that readiness is the Army's first priority. It is the core of our planning, programing, budgeting, and execution efforts. A key point, which I will discuss later in more detail, is that readiness is a measure of the capability of the Total Army -- both Active and Reserve Components.

For the past three years, the Army has made significant improvements in its readiness posture. Today's improved force readiness is directly related to Congressional support over the past three years, just as tomorrow's readiness will depend upon today's level of funding.

As you know, the world is a far more dangerous place today than in many years. International terrorism and other threats to peace jeopardize our interests on a global scale. That's why 43 percent of the Army is deployed overseas keeping the peace in Europe and Korea and supporting other U.S. commitments.

As you saw recently in Grenada, Army Rangers and Paratroopers responded rapidly, effectively, and decisively to Presidential direction to restore order. Their performance underscores the importance of rapidly deployable land forces and illustrates the fighting spirit, high morale and outstanding state of preparedness of today's Army.

The worldwide deployment of U.S. soldiers today reflects both the realities of U.S. interests and the nature of the world environment in which these interests must be protected.

The first function of our government is to preserve the United States as a free nation with its fundamental values and institutions intact. Our broad historic, social, and economic interests require attention to a myriad of events, issues, and changing conditions virtually everywhere in the world.

U.S. security interests in Europe and the Far East, where miracles of economic growth occurred under the umbrella of U.S. protection, remain the cornerstones of our foreign policy. Our commitment to Israel has been reaffirmed by every President since President Truman. The Middle East, and particularly the Persian Gulf, has assumed greater importance since the 1970's because of free world reliance on its energy resources. Other strategic minerals located throughout Africa and elsewhere in the Third World lend geopolitical significance to those regions as well.

U.S. freedom of the seas and airways and access to space, foreign markets and critical resources will remain fundamental U.S. interests for the foreseeable future.

Protecting these worldwide interests will require recognition of continuing changes in the geostrategic environment and maintaining force capabilities to deter or, if necessary, defend them.

The approximate strategic nuclear balance between the U.S. and the Soviet Union provides the military backdrop against which our security interests must be assessed. As this balance has shifted from American strategic nuclear superiority, conventional forces have assumed a proportionately greater importance in deterring aggression by the Soviet Union. This deterrence calls for forces in place and prepared to fight and the ability to reinforce rapidly.

Because deployed land forces demonstrate an enduring commitment, they are particularly well suited for this deterrence mission. Accordingly, forward deployed divisions and logistics structures in Europe and Korea are key components of deterrence in those areas. The use of strategic air and sealift for rapid reinforcement and prepositioning of equipment and war reserve stocks for land forces further strengthens this deterrence.

In the Third World where the U.S. has significant long-term interests, the decades-long process of decolonization has seen the creation of more than 100 new states since the end of World War II. Tensions associated with the processes of economic and social development have often been reinforced by ideologically motivated subversion or outside intervention. During this period of cold war and detente between the superpowers, more than 300 conflicts have occurred elsewhere. Violence and insecurity have become endemic factors in the international environment. Currently some 40 wars or active insurgencies are ongoing.

In this environment, reassurance of allies must be recognized as an important element of our national strategy. Mobile training teams, advisory teams, Army attache elements, and joint exercises constitute important means to this end. Because land forces are the largest and most influential military elements in many developing states, our Army has a particularly significant role there. When exercises involve combat service support troops -- medics, construction engineers, general support maintenance -- they can provide tangible assistance in national development as well. By diminishing the need for our direct military involvement, it multiplies the effectiveness of our own forces. Moreover, security assistance helps to build local and regional self-confidence.

Army forces have never deployed alone. We are dependent on other services for transportation and other support. But it is also true that every

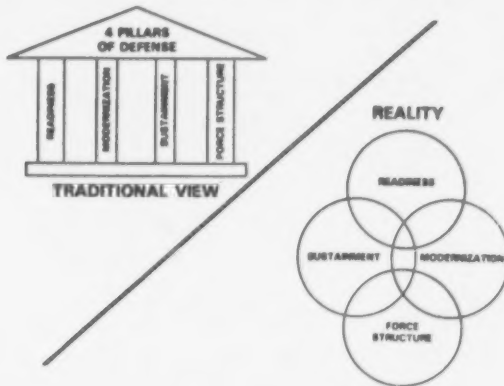
deployment of aircraft, Naval task forces, or Marines reminds our adversaries that a small U.S. presence can be reinforced rapidly and successfully by sizeable land forces.

The need for a strong, flexible conventional force is a national imperative, both as a deterrent and as a viable warfighting option. Our conventional deterrent and warfighting capabilities must include a mix of forward deployed forces, rapidly deployable reinforcing forces, and rapidly deployable special operations forces -- all of which must be technologically competent, tactically sound, and capable of flexible application. We must, of course, also insure that we possess the strategic forces that can, in their own right, deter any potential Soviet attack on this Nation or our allies. Our course is clear -- to pursue a balance between strategic and conventional forces and a balance within conventional forces that provides a strong allied and multi-service capability targeted against "most likely" conflicts. The result of such a flexible, balanced, and technologically advanced approach will be a land force which offers a wider range of response options to the National Command Authority, and which can contribute to raising the nuclear threshold.

In response to the global challenges threatening our national security, the Army currently stands midway in a period of great transition. Virtually every function of the Army is being improved; its operational concepts, its structure and organization, its training, and its equipment. These improvements in capability underscore the role of Landpower as a key instrument of national policy.

Mr. Chairman, to the Army, readiness is all-encompassing. I must emphasize the inextricable linkage among the four pillars of defense: readiness, modernization, force structure, and sustainability. As illustrated here, while we traditionally view force structure, readiness,

modernization, and sustainability as separate and distinct dimensions of our force development efforts, in reality they are completely interrelated.



All are involved in meeting the need for a strategy of balanced equipping and sustaining of the force. Increases in both readiness and sustainability are gained through modernization. Modernization involves equipping both Active and Reserve forces and contributes to improved readiness and sustainability through more capable and more readily maintainable equipment. Investments in either sustainability or readiness without modernization not only perpetuate technological obsolescence, but also promote a relatively inefficient and expensive means of achieving readiness and sustainability. For example, the acquisition of M1 tanks is normally considered as modernization. But, in fact it adds a whole new dimension to readiness. The ability of the M1 to move more quickly and quietly across the battlefield, to fire accurately and effectively at high speeds day or night, to achieve improved survivability, and to undergo major repairs in less time than its predecessor -- these features have affected both force sustainability and today's readiness. In Germany we have over 8 battalions of M1 tanks, which for the past two years have participated in the Autumn Forge series of exercises to include REFORGER.

For both years the operationally ready rate for these tanks was over 95 percent.

Last summer in the Biennial NATO Tank Gunnery Canadian Cup Competition a company of our young soldiers and their new M1 tanks fired better than any other US competitive unit in Central Army Group in the past 20 years. Our soldiers believe they can fight outnumbered and win with the equipment coming into their hands. Building that kind of confidence is fundamental to our entire modernization program.

Readiness is also enhanced by our efforts to foster cohesion throughout our Army. The history of war shows that cohesive units are tougher and survive better in combat. Innovative leadership and management actions, regimental affiliation, and broadening of the battalion rotation system are working to strengthen unit cohesion and the bond among soldiers. Similarly, in this the "Year of the Army Family" our Family Action Plan will help to ensure that the needs and welfare of family members throughout the Army receive the attention they deserve. Soldiers and their families are entitled to the same quality of life as the society they are pledged to defend. In a fundamental way, the readiness of the Army ultimately rests on supportive, strong families.

In this regard, O&M funds are crucial to Army Readiness. They enable us to support both our people and our equipment. O&M dollars not only pay for supplies, maintenance, and training, they also allow local commanders some flexibility to make sound judgments on how best to apply funds to local problems, particularly as they affect training and the quality of life of our soldiers and families.

The Army in 1984 is the most capable Army that I have seen in almost 30 years of service, one which you can be proud of, and it is growing stronger through increased readiness, continued modernization, improved sustainment and

a balanced force structure for both Active and Reserve Components. In the remainder of the time I have with you I would like to highlight progress in each of these areas. I would also like to briefly discuss the Army's formal status reporting system and outline ongoing initiatives to establish a system which will complement the status report by measuring the increases in capability the Army is experiencing. I will conclude by discussing areas of concern where significant readiness shortfalls still exist and where your help is needed.

FORCE STRUCTURE

The current 25 Active and National Guard divisions, increasing to 26 next year, represent the force currently available for forward deployment and rapid response worldwide (to Europe, Southwest Asia, Korea, Central America, and for reserve). The Army requires a balanced force that is ready to respond to worldwide threats, to sustain war of indeterminate length, and to fight and win across the full spectrum of warfare. Key elements are the 16 Active and 9 National Guard divisions, with the Active and Reserve Components being firmly linked through the affiliation/roundout program. Active Component divisions are essential for forward deployment and rapid response worldwide. The National Guard divisions are the essential reinforcements to sustain combat until total mobilization can provide additional forces.

Current intensive efforts to modernize exert a profound effect on the Total Army capability. Our Army 90 plan provides the blueprint for integrating new doctrine, organizations, and modern equipment. As this chart shows, programed improvements in FY85 center around unit reorganization and modernization. Conversion of our heavy divisions to new organizational designs are programed over the next 5 years, light division designs will be fielded and refined, and testing will be continued for the High Technology Division design being conducted by the 9th Infantry Division, Fort Lewis, Washington.

ARMY FORCE STRUCTURE FY 85

HEAVY DIVISIONS

- CONTINUE MODERNIZATION
- REFINE DIV 84 DESIGN
- CONTINUE BRIGADE ROUNDOUT

INFANTRY DIVISIONS

- CONVERT 7TH ID TO 10K DESIGN
- ACTIVATE 17TH AC DIV

HIGH TECH MOTORIZED DIVISION

- SUSTAIN HIGH TECHNOLOGY EFFORT
- FOCUS ON TACTICAL MOBILITY & FIREPOWER
- FIELD OPERATIONAL HTMD BY FY 85

TYPE DIVISION	AC	BC
AIRBORNE	1	0
AIR ASSAULT	1	0
STANDARD INFANTRY	2	5
LIGHT INFANTRY	2	0
HTMD	1	0
MECHANIZED	6	2
ARMOR	4	2

Our force development program is designed to make best use of Army-wide resources to increase readiness by improving strategic deployability, and continuing force modernization. We will accomplish this within a constant active end strength, primarily by redesign of both light and heavy division forces. We have found available efficiencies thru shifting missions to the Reserve Component, consolidation or elimination of certain support functions and improvements in unit productivity. The overall force advantage gained, without growth in Active Component manpower, is a major strategic benefit.

The Army budget increases the Total Army Force to 26 divisions in FY 85. The additional (ninth) ARNG mechanized division activated in FY 84 continues to be formed through consolidation of three existing ARNG separate brigades. This ARNG division formation will be completed in FY86. A new active division (seventeenth) is scheduled for formation in FY85. Initially, the headquarters and division base will be formed, with maneuver units being added in FY86 and the division will be fully operational by the end of FY87. The phased activation of this unit provides for Army-wide best use of available equipment, personnel and facilities. This new active division will be

organized under a new design for light infantry. The units and the total division strength will be smaller than, and will be deployable with about 1/3 of the airlift required for, a current standard infantry division. We also will convert one of our existing active infantry divisions to this new light design in FY85 (the 7th Infantry at Fort Ord, CA). The new light infantry design provides an elite, quick, hardhitting force but is designed without the integral sustaining base normally associated with a division. These light units will normally fight as part of a larger force -- a Corps -- and are dependent on follow-on Corps level support forces. Therefore, as conversion of standard infantry divisions progresses, there will be an increase in Corps support forces. We will test the light division design and make appropriate changes before finalizing the precise unit configurations.

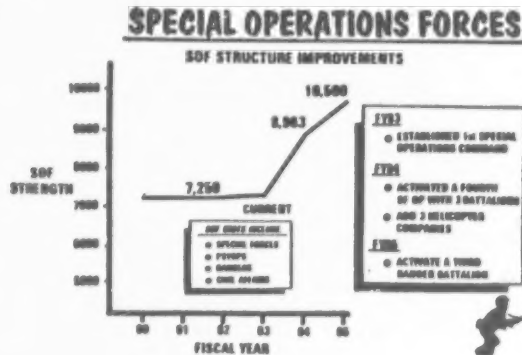
The heavy division will implement refinements of the Division 86 design in FY85 that will result in a smaller, more streamlined structure than originally planned.

The plan for Division 86 involves reconfiguring heavy divisions, heavy brigades, and armored cavalry regiments with more companies, better tactical mobility, continuous fluid operations, increased anti-tank firepower, and better command and control. Examples of the refined design changes in the heavy divisions starting in FY85 are eliminating the 10th soldier from each infantry squad and 155mm howitzer section, eliminating the Sound Ranging and Flash Platoon from the target acquisition battery, and transferring certain support functions to Corps. The new design will free resources and allows the Army to continue force modernization, and permits other critical force readiness initiatives. The complete program for heavy division redesign and consolidation of support functions at Corps level will continue thru FY89.

In the FY85 Army force, the total number of maneuver battalions and squadrons (all types of infantry, tank, and cavalry) for both Active and

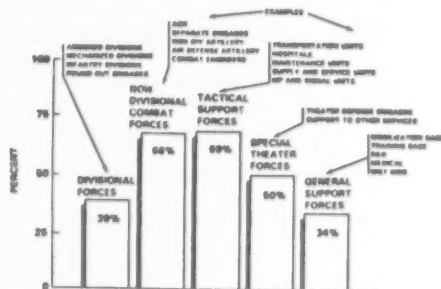
Reserve Components increases by 4. Other force changes for FY85 include: activation of a new active Ranger battalion (the third such unit), improved manning of special operations forces units, increases in manning and the number of tactical support units, and continuation of force modernization.

This chart shows the emphasis we are placing on improving special operations forces capabilities.



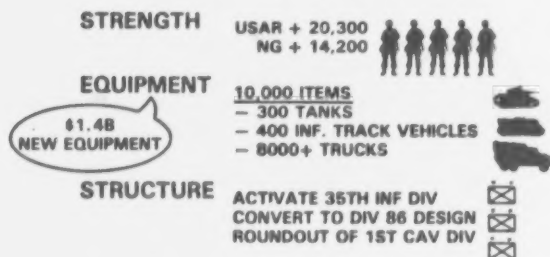
Force Structure changes also reflect an expanded role for our Reserve Component forces. This is probably the most profound change in the Army over the last 10 years in terms of force structure. As this chart shows, the contribution of the Reserve Component is significant.

RESERVE COMPONENT FORCES CONTRIBUTION TO THE TOTAL ARMY FORCE (26 DIVISION) FY 85



In this respect, improving the readiness of National Guard and Reserve units must be a top priority. In Fiscal 84 we are issuing over \$900 million and in FY85 over \$1.4 billion of new equipment to the Guard and Reserve. This chart illustrates how we are sustaining both readiness and modernization initiatives for our Reserve Components.

RESERVE COMPONENTS MODERNIZATION

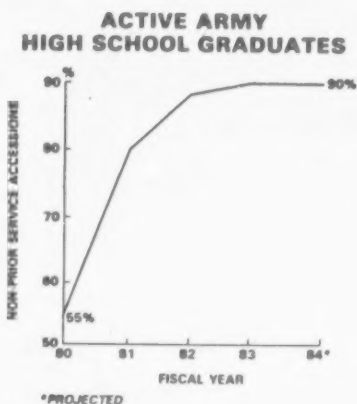


This resource strategy leads to an active force smaller than previously had been planned -- but one which is better equipped and trained -- lighter, leaner and harder hitting. The strategy is also one that promotes consistency in Total Force readiness and capability. There will no doubt continue to be refinements as unit designs evolve and as resource availability is fully decided, but it is a program suited to a balance between peak readiness and constant active end strength.

READINESS

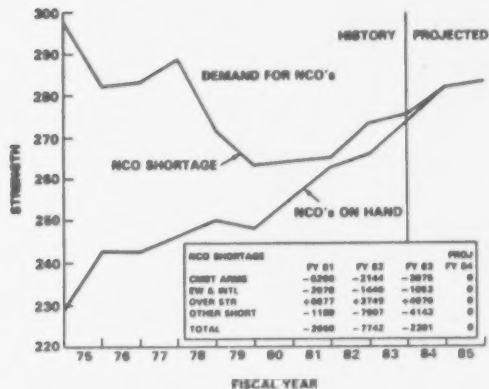
The rising quality of our soldiers has also greatly contributed to our personnel readiness. As this chart demonstrates, we have had significant gains in high test-score recruits and the percentage of recruits with high school

diplomas. While a diploma does not guarantee better performance, it does mean that the soldier is more likely to complete his enlistment, is less prone to problems of indiscipline and is demonstrably more trainable. Reduced crime statistics, lower AWOL and desertion rates and a significant decrease in drug abuse attest to the quality and professionalism of today's soldiers. Increased recruiting resources and expertise, enlistment bonuses and the Army College Fund are significant factors which enhance our ability to attract and keep the soldiers we need. As demographics change and the economy improves we will need continued Congressional support to keep the quality soldier in the Army.



Adding to our personnel readiness is the elimination of our long-standing noncommissioned officer shortage. As the chart shows we were 68,000 NCOs short in FY74, and we closed that gap last December. We are still concerned, though, about shortages in high-tech, highly marketable skills. Our best means to limit these shortages are intensive management and smart use of the selective reenlistment bonus.

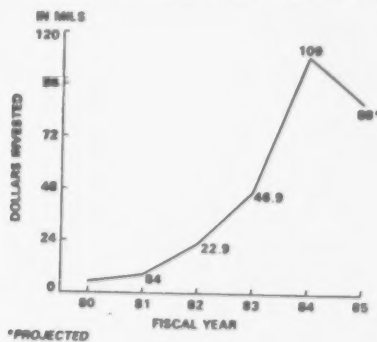
TOP 5 ENLISTED STRENGTH E5-E9



As this committee well knows, training is a critical dimension of readiness. The Army must have high quality individuals and unit training programs to develop combat ready forces. With the support of Congress, the Army has made significant progress.

I will highlight just a few of many training improvements. As this chart shows, investment in the Army's range modernization program has dramatically increased.

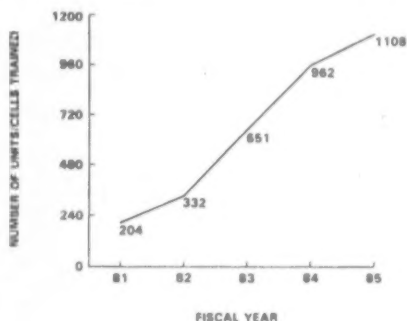
RANGE MODERNIZATION INVESTMENT



This investment provides for new ranges to meet new training requirements generated by force modernization, modified ranges and facilities to support new and enhanced training programs, and upgrade of existing ranges rendered obsolete by two decades of underfunding. The significant improvements in fiscal years 82-84 were centered on meeting the need for tank and Bradley fighting vehicle ranges both in the United States and overseas. The dip in 85 was caused by a shift by Congress of \$7 million in FY85 projects into FY84 program and by the deletion of a \$38 million multi-purpose range complex at Ft Carson, Colorado. The range at Fort Carson was not forecasted in time to meet 35% design level required for inclusion in the FY85 President's Budget. As a result, it was shifted to the FY86 program. Your continued support for range modernization investment will pay high dividends in soldier training and unit proficiency.

As this chart shows, Reserve Component deployment training has greatly increased, providing realistic, out of country training for Reserve Component units in the D to D+60 category. This training is designed to strengthen the relationship between Active units and their supporting Reserve Components through so-called CAPSTONE alignments and provides intense and demanding training in a real world environment.

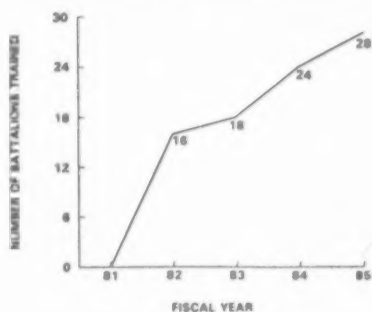
RC OVERSEAS DEPLOYMENT TRAINING



Reserve Component elements ranging from small cells to units are selected for training based on their Active Component alignment. For example, the 30th Inf Bde, NCARNG, participated in Exercise "DISPLAY DETERMINATION 83" held in Italy during September 1983. The brigade deployed with organic equipment, the first large RC unit to deploy with their equipment since World War II. Also, the 322d Medical Hospital (Gen), USAR, Dover, New Jersey, has begun planning for a role in REFORGER 84.

The National Training Center (NTC), Ft Irwin, California, provides a realistic training environment for both Active and Reserve units to perfect tactical proficiency. It provides the most rigorous combined arms training experience possible, short of actual combat; the best training found anywhere in the world. This permits objective assessment of a unit's current training readiness, while improving the proficiency of unit leaders and building unit cohesion. Lessons learned, based on unit performance, evaluator critique and unit self-assessment, are promulgated throughout the Army to improve training/readiness and doctrine. As you can see on this chart twenty-eight battalions, to include 5 RC battalions, are programed to train at the NTC in FY85.

NATIONAL TRAINING CENTER



An area of training efficiency showing significant innovation and potential we believe, is found in our Standards in Training Commission (STRAC)

Training Strategies. These training strategies are designed to establish levels of minimum essential levels of live training ammunition required to attain and sustain specified levels of individual, crew, and unit weapons proficiency for both Active and Reserve Components. Through the use of training aids, devices, simulators, simulations and subcaliber firing in lieu of actual main gun ammunition, we expect to achieve substantial savings in training costs and significant improvements in training readiness.

Noncommissioned officer training improvements are essential to ensure sustainment of quality training in units. Review of the Noncommissioned Officer Education System revealed inadequacies in junior and middle grade NCO technical training for combat support and combat service support soldiers. Primary and Basic Technical courses have been developed and implemented to correct this problem. There are currently 74 Primary and Basic courses, growing to 95 courses by October 84 and 152 by 1987. This effort will go far to provide and sustain quality leaders and trainers.

MODERNIZATION

The combat readiness of today's Army continues to improve through our comprehensive program to modernize the total force. The first-to-fight, first-to-be-equipped philosophy applies to prioritization of both Active and Reserve Components in our efforts to overcome the equipment shortfalls of the past. We are seeing results. Both in Europe and Korea, our readiness posture continues to improve.

Reserve Component units have become increasingly prominent in contingency plans. Many are scheduled for early deployment while others, through the Army roundout program, would deploy with the Active Army unit they round out.

This increased reliance has resulted in higher priorities commensurate with their deployment schedules. For this reason, during FY 83 we saw RC units such as 2/252d Armor Battalion, North Carolina Army National Guard,

receiving M1 Abrams tanks and Bradley fighting vehicles before many Active Component units.

The modernization effort has significantly improved our capabilities on the battlefield. We are equipping our soldiers with the best equipment available in the world today.

An important part of our ongoing modernization effort is a program to distribute displaced equipment. Later deploying units are receiving equipment that has been replaced in high priority units by new systems. As a result, units which have remained low on the priority list are now receiving first line, often product-improved and fully combat-ready equipment.

This equipment upgrade program was initiated to provide a way to improve allied and friendly nations as well as the Reserve Components and Active Forces. The program is designed to apply state-of-the-art technology to older U.S. origin equipment. The FY85 development program includes improved armor protection for tanks and armored personnel carriers, better hand-held night-vision devices and ammunition improvements. In total, we have an improved Army, better in every respect from the Army of the 1970's.

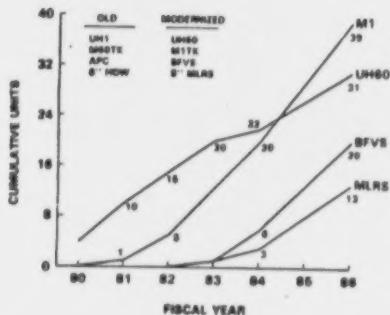
The U.S. Army Development and Employment Agency (ADEA) was established in April 1983 as a field operating agency of Headquarters, Department of the Army, replacing the High Technology Test Bed (HTTB). ADEA's mission is to identify, evaluate, and expedite operational concepts, organizations, and materiel requirements which improve the combat power, deployability, and sustainability of all Army divisions, concentrating on the light infantry units. ADEA will act as the Army "skunkworks" where new concepts, high technology equipment, and innovative tactics will be explored while continuing to support the transition of the Ninth Infantry Division to a High Technology Motorized Division (HTMD).

The mission of the Ninth Infantry Division, after conversion to the HTMD, will be to deploy rapidly to a contingency area and defeat enemy forces ranging from light infantry to tank or motorized forces. The division is being designed primarily for Southwest Asia, with utility in NATO. Upon completion of the conversion to HTMD, the division will retain part of its organization in a test bed role in support of ADEA and other light and heavy division efforts.

We have discussed the procurement of modern and upgraded equipment from a quantitative point of view. The Army must also field quality systems and products, systems which are not only modern and use the latest technologies, but which work and are reliable once we provide them to the soldiers. A high quality in fielded Army equipment is absolutely required. Actions are being taken to strengthen our quality assurance program to include giving firm notice to industry that product quality is a must. We are negotiating better contracts and are becoming tougher on the enforcement of those contracts. Enforcing quality standards is a must if we are to continue to provide our soldiers with the best equipment American industry can produce.

Fielding of critical modernization systems is now well underway as this chart shows.

UNIT MODERNIZATION



Three Multiple Launch Rocket System (MLRS) batteries have been fielded, adding significant firepower to the 8"/MLRS artillery battalions. Bradley fighting vehicles systems have been fielded in six mechanized infantry battalions giving these units greatly enhanced fighting capability and protection. UH-60 Blackhawk utility helicopters have been fielded in 22 aviation companies. The UH-60 enjoys the highest Operational Readiness rating of any helicopter fielded. The M1 Abrams tank has been fielded in 20 tank battalions, 19 in the Active and one in the Reserve Components. Its superior performance, agility, speed, armor protection, and firepower provide a quantum increase in combat capability.

Additional modern systems will be fielded in increasing numbers over the next two years, providing enhanced combat capabilities to defeat the threat. Modernization is an integral part of Readiness, and we need your continued support to ensure our soldiers have the equipment they need.

SUSTAINABILITY

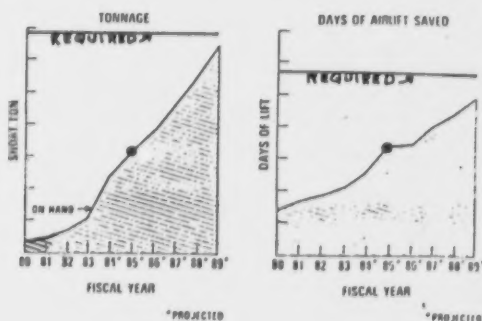
The evolving characteristics of modern military forces and the changing nature of land warfare are projected to accelerate the anticipated rates of battlefield consumption and attrition. In addition, the threat spectrum we face provides potential for conflict beginning with counterterrorism at the low end of the spectrum to nuclear warfare at the high end. The global nature of our interests compounds our planning. These conditions challenge our logistics support capabilities as never before. Not only must our logistics systems be able to transport, supply and maintain rapidly, but also they must be flexible enough to accomplish these requirements in a host of potential battlefield scenarios. We should define sustainability as our ability to "stay" on the battlefield.

We have made substantial improvements in sustaining the force. The impact of additional resources has improved wartime readiness thru increases in POMCUS, war reserve stocks, and improved depot maintenance.

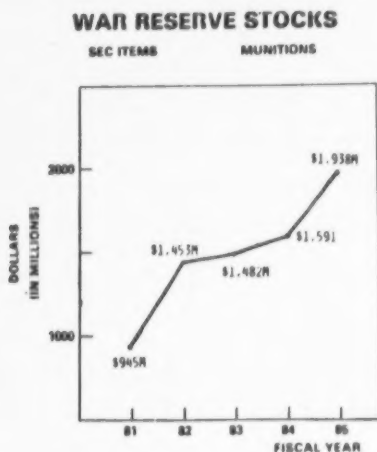
Currently, POMCUS consists of four division sets of equipment. The Army program is for six division sets prepositioned in Europe. Storage sites for sets 5 and 6 are currently under construction and are programed for completion in late FY 84-85. Prepositioning for sets 5 and 6 will begin as these sites are completed. This chart highlights POMCUS fill in short tons and the resultant savings achieved in days of C141/C5 airlift as a result of that improved fill. The actual tonnage in POMCUS and days of lift are classified and therefore are not shown on the charts, but will be provided for the record if you desire. Although we have made progress in POMCUS fill as shown on the chart on the left, we would still need about half of the projected available airlift for Army equipment to fill POMCUS 1-3.

With our current level of stockage, we have reduced days of airlift by approximately 65%, a significant readiness benefit. In addition, current POMCUS levels reduce the critical sealift assets which will be required to fill out POMCUS sets 4-6.

POMCUS STATUS



At the outset of hostilities, our forward deployed combat forces will rely heavily on prepositioned war reserve stocks. These stocks of major equipment, secondary items, ammunition, fuel and other materiel are prepositioned forward in the theaters of operation to sustain the combat effort until resupply from the United States begins to flow. Eventual war reserve goals would sustain our forces until the production base can accommodate wartime resupply demands. Improvements have been made; however, these efforts must still continue. The lethality of today's battlefield makes it critical that adequate quantities of these stocks be on hand. Prepositioned stocks reduce the initial demands on our strategic air and sealift assets, freeing these assets for other necessary requirements. Among our major short-term objectives are the reduction of ammunition shortages and increases in secondary item stockage levels. This chart underscores our committed investment to improving war reserve stocks.



A comprehensive depot maintenance program is vital to the sustainment and readiness of combat forces. Remembering the concern of this subcommittee last

year, I can report that we are turning around the growth of the Depot maintenance backlog and with the FY85 budget we will be able to reduce that backlog by \$99 million. The FY85 budget is tailored to assure the Army of a balanced Depot maintenance program, one which continues to provide responsive support for units in the field. By funding 90 percent of the Depot maintenance requirements for older systems and 80 percent for newer systems, an effective balance is maintained between the older and newer systems while still keeping pace with increasing force modernization requirements. Increased funding for the maintenance support program will provide the capability for maintenance engineering to update maintenance publications, Depot maintenance work requirements and product improvements.

Sustainability issues concern manpower, war materiel stockpiles, timely distribution of those supplies, and the mobilization capacity of the industrial base. We must identify how much we truly need, what we can practically afford with acceptable risk, and what investment policy we should pursue to achieve our goals. The Army has evaluated industrial base capability for surge, sustainability and mobilization. The evaluation showed that our industrial production base could reach mobilization production rates in approximately two years for such systems as the Abrams tank and selected types of 155mm artillery rounds. More than one year would be required to reach surge production rates needed for Hawk missiles and some types of 105mm tank ammunition. Although it is unlikely that sufficient levels of principal war reserve items will be acquired in the near term because of current fiscal constraints, we can improve our sustainability by targeting key industrial sectors for capital investment. Better products with lower unit costs will result when investments are properly allocated to basic industries. We need your help to insure that sufficient resources are allocated to continue the momentum in meeting the challenges of sustainment.

Mr. Chairman, I have attempted to correct the perception that readiness, sustainability, modernization, and force structure are separate entities. In fact, as I have tried to illustrate, they are so interrelated that they cannot be considered separately. A balanced force structure and increases in both modernization and sustainability contribute directly to increased readiness.

UNIT STATUS $\neq$ ARMY READINESS AND CAPABILITY

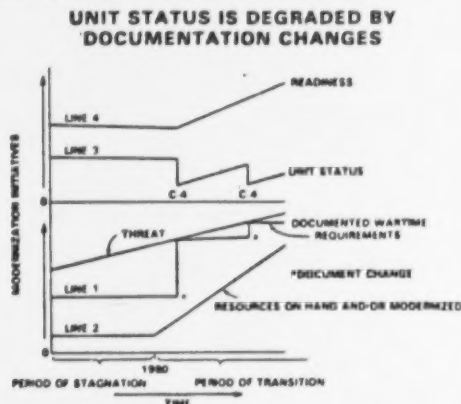
The JCS system for measuring unit availability for employment and deployment is the Unit Status and Identity Report.

It is paradoxical that unit status ratings do not fully reflect the many Army improvements I have previously mentioned. The reasons for this are that the current unit status reporting system is not designed to completely reflect improvements in Army readiness and capability resulting from modernization and that numerous documentation changes during modernization often have the effect of seeming to decrease unit status ratings. Let me briefly discuss each of these reporting problems and what we are doing about them.

It is important to understand that the Unit Status Report (USR) is a management tool that compares on-hand personnel and equipment resources with wartime requirements specified in authorization documents. It also provides a subjective training rating. The unit's overall unit status is equal to the lowest rating computed in the three rated areas. The Unit Status Report provides a snapshot of a unit's condition at a point in time and, as such, is basically a "static" indication of readiness. Readiness and capability, on the other hand, are "dynamic." They are dependent on the size, type, and location of the threat, and such factors as unit status, our ability to mobilize and deploy, the quality of our soldiers, effective leadership, and fill of war reserves. Unit status is just one indicator the Army uses to evaluate readiness and capabilities.

Unit status report trends show that the rated areas of personnel and training have improved since 1980. For example, the number of major combat units, Active and Reserve, rated C-3 or better in the areas of personnel and training have increased by 63 and 35 percent respectively. Equipment ratings, however, do not show the same improvement despite major readiness and capability gains achieved through modernization.

By design, the USSR does not capture the quantum capability improvements that have been made through essential equipment modernization. Additionally, the USSR is also affected by documentation changes that have occurred to support new organizational designs and doctrinal concepts that optimize our ability to achieve the maximum combat effectiveness from our forces. How this actually impacts on unit status is shown on this chart.



In 1980 and earlier the threat outpaced documented wartime requirements as depicted by Line 1. Since 1980 new doctrine has been developed, and wartime requirements have been redesigned to keep pace with the threat. As these major wartime requirement changes are documented, they cause an abrupt increase in requirements.

Line 2 shows that since 1980 the resources on-hand in units have steadily increased and/or have been modernized, however, the fielding of resources has

not kept pace with documented requirement changes. As a result, even though the resource picture is now better in most units, unit status, as depicted by Line 3, dips each time one of these major documentation changes occurs. This is because overnight a new standard for computing unit status has been established and resource fielding lags documentation changes. Unit status will increase as the level of modernization activity declines. Readiness and capabilities presented by Line 4, however, has steadily improved due to the unit resource improvements that have been made and the other "Total Army" initiatives discussed earlier in the briefing.

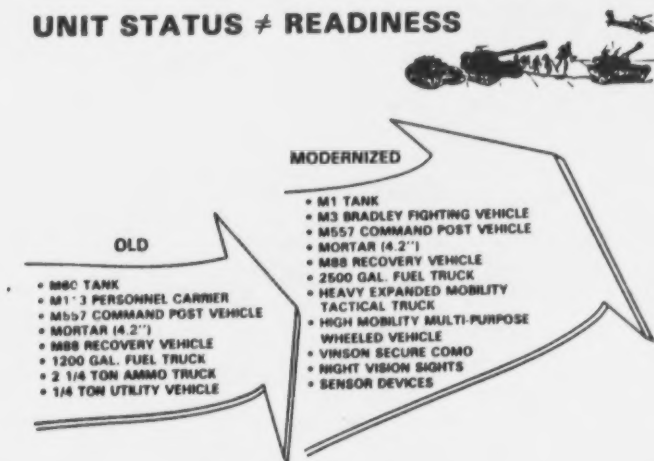
The real contributors to readiness are the mission essential weapon systems of a unit, associated support equipment, the capacity of a unit to sustain itself in combat, the ability of a unit to respond to effective leadership, and the manner in which a unit undertakes its training program. Training and leadership are the key to mission readiness. Good leaders develop imaginative, sound, tough training programs which bind soldiers, organizations, and equipment into effective combined arms forces.

To evaluate these readiness dimensions, we employ various techniques. For example, the Army's senior leadership -- to include the Secretary of the Army and the Chief of Staff -- frequently visit units in the field and observe their performance. In visits with field commanders, unit leaders, and soldiers, they can observe readiness indicators such as competence, attitude, morale, discipline, and esprit de corps, which are often more revealing than unit status reports. From their observations and my own as a recent Division Commander in Europe, we all arrive at the same conclusion -- today's Army is the best prepared peacetime Army in the history of our Nation.

But even beyond the observations of the leadership in Washington, Army component commanders of unified and specified commands provide both formal and informal assessments and requirements to us at the Department of the Army so

that we can react to CINC's concerns and look for improvements. Finally, exercises such as BRIGHT STAR in the Middle East, REFORGER in Europe, and TEAM SPIRIT in Korea provide excellent opportunities for us to evaluate doctrine, deployments, operational plans, and the state of training in the operational environment of Army units. Lessons learned lead to refinements of doctrine and plans, the identification of areas where additional training is needed, and the development of new requirements for environment-peculiar equipment. These benefits are not likely to show up in unit status reports, but are invaluable in allowing us to improve readiness and warfighting capabilities.

UNIT STATUS $\neq$ READINESS



This chart gives you an idea of equipment changes which occur during the conversion of a M60 tank battalion to a M-1 battalion. On the effective date of the new authorization document, the unit's unit status rating could instantly drop from C-1 or C-2 to C-4. The Army is currently studying how it can best change its documentation procedures to correct this problem.

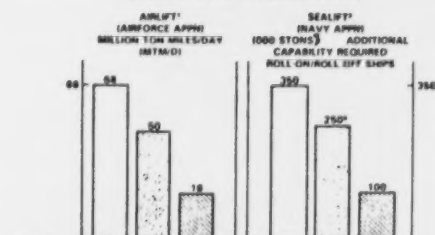
The chart underscores the fact that modernization has greatly improved the capability of the Army. Equipped as shown, the new M-1 tank battalion has greater firepower, mobility, sustainability and survivability, and is more

lethal than the M60 tank battalion. However, under the Status Report, an M60 tank counts the same as a M-1 tank. The Army is currently developing a system to supplement the Unit Status Report which integrates modernized system improvements to obtain a unit capability measurement. This system will consider such factors as single shot kill probabilities, detectable area presented to sensors, and mobility characteristics of vehicles. The final product will be a system that effectively measures the capability of major combat units and which can be used to enhance Army planning and the benefits derived from modernization efforts. The concept is now under development and by late summer we will be able to forecast when the initial results of the new reporting system will be available.

SIGNIFICANT SHORTFALLS

Having described areas in which the Army has shown great improvement, I would be remiss if I did not point out where we still have significant shortfalls in capability. Strategic mobility continues to be one of the Army's primary concerns. The Army is unique in that it must rely on its sister services, the Air Force and the Navy, to meet its global deployment commitments.

STRATEGIC AIRLIFT AND SEALIFT SHORTFALLS (THRU FY 89 PROGRAM)



LEGEND: [] = REQUIREMENT, [] = PROGRAM, [] = SHORTFALL
 REQUIREMENT SOURCE: CONGRESSIONAL MANDATED MOBILITY STUDY AND
 DOD SEALIFT STUDY

NOTES

1. CURRENT AIRLIFT PROGRAM INCLUDES C-59 AND KC-10 PROCUREMENT
2. CURRENT SEALIFT PROGRAM INCLUDES SL-7 CONVERSION, FLATRACK/SEALED PROCUREMENT AND RMT EXCHANGERS
3. THERE ARE NO FUNDS IN THE CURRENT NAVY PROGRAM TO PROVIDE ADDITIONAL FAST OR CONVENTIONAL SPEED ROLL ON/ROLL OFF SHIPS

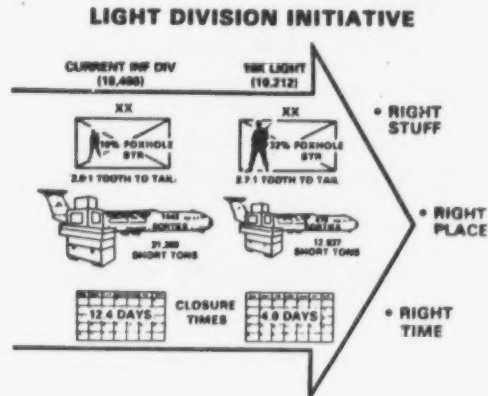
As this chart demonstrates, despite recent improvements in our air and sealift capabilities, substantial shortfalls continue to exist for both inter- and intra-theater requirements. Even with the Army's programs for prepositioning equipment, there are significant shortfalls in our ability to project the force and sustain it in combat. For example, our current commitment to NATO is 10 divisions in 10 days. Strategic lift shortfalls limit our capability to only six divisions in 10 days which includes the 4-2/3 forward deployed divisions. Congressional support for the Air Force C-17 the C5B and CRAF enhancements as well as the Navy's SL7 is a positive step toward reducing our airlift/sealift shortfall.

Although we have made progress, POMCUS is inadequate to accommodate follow-on forces. Moreover, shortages exist in key war reserve stocks, specifically ammunition, consumable repair parts and personnel support items such as cold weather clothing and medical items. The lethality and tempo of today's battlefield make it critical that adequate quantities of these stocks be on hand. Prepositioned stocks help to reduce the initial demand on our strategic lift assets.

As another means to reduce our lift requirement we began an initiative two years ago to use technology to make an Army division which would be lighter than our armored and mechanized divisions, yet similar in anti-armor lethality.

This effort using the 9th Infantry Division at Fort Lewis as the test bed will continue for doctrine, and the acquisition of new technology. However, we have concluded that we also need a division which is significantly lighter than any division we now have. Accordingly, our 7th Division at Fort Ord will be reorganized in FY85 into an elite Light Infantry Division of about 10,000 soldiers. It will be deployable in about one-third the strategic lift sorties

required for other divisions, yet will have greater foxhole strength than our current, much larger Infantry Division. This chart illustrates the point:



As I mentioned earlier, in addition to this Division conversion, we plan to activate another new division in early Fiscal 85 based on the design of the one at Fort Ord. Although it will take several years, we plan to flesh out this additional combat capability within a constant end strength.

Congressional support for the Army's light forces initiatives is essential to the achievement of the optimal force balance.

Closely aligned with our need for a sufficient deployability capability is our need for responsible mobilization capability. Shortfalls exist in our ability to mobilize quickly adequate manpower, particularly those with specialized skills. Our capability to mobilize should improve during FY85 primarily through planned improvements in Reserve Component management, the mobilization base and the industrial base.

The Army continues to identify and correct deficiencies in the capability of CONUS installations to outload early deploying and mobilizing units. Likewise, outloading deficiencies at many deployment installations are being

corrected. Additional funding is required, however, if we are to meet the mobilization challenges of the future.

The Soviet Union possesses a formidable and expanding chemical warfare capability. They continue to devote significant resources to research and development of chemical warfare programs. Moreover, they have repeatedly demonstrated a willingness to employ these weapons. In response, our chemical retaliatory capability is inadequate and our decontamination capability is deficient. We recognize explicitly that chemical weapons remain an essential feature of our tactical arsenal and, by their availability, may deter enemy use of them. The preferred method of restoring a credible deterrence and retaliatory capability is through binary modernization. Binary weapons provide a greater military capability, are operationally safer, and are logistically less complex and costly than any other alternative. Our FY85 binary funding proposal supports partial facilitization and procurement of long lead-time components, but will not allow final assembly or production of munitions. Subsequent Congressional approval and additional funds are required to produce munitions. I strongly solicit Congressional support for this program which is vital to our national defense.

CLOSING

The excellence that we in the Army are striving to achieve and maintain is necessary to respond to the challenges of a turbulent, violence-prone world where only military strength and the will to use it can deter conflict or defend our national interests, if deterrence fails. An environment of approximate strategic nuclear parity has markedly increased the importance of landpower to the deterrence of war. Concomitantly, this places an increased burden of responsibility on the Army to provide forces capable of responding in the national interest across the spectrum of warfare.

Today's Army is stronger and better equipped to perform that mission than at any time in its recent history. The balanced force of Active, Reserve and civilian components provides the capability to meet the wide range of contingencies for which we must prepare.

We are at a critical juncture today. The progress that we have made in recent years reflects the support and cooperation of Congress. Continued support will be essential to meet the readiness, modernization, sustainment, and force structure challenges of the future Army of Excellence.

Mr. Chairman, I have addressed readiness in its broad sense. I now stand ready to provide this Subcommittee with the more detailed information it may need to continue to support improvements in the Army's readiness and warfighting capabilities.

Senator HUMPHREY. Thank you.
General Temple?

**STATEMENT OF MAJ. GEN. HERBERT R. TEMPLE, JR., DIRECTOR,
ARMY NATIONAL GUARD, NATIONAL GUARD BUREAU**

General TEMPLE. Mr. Chairman, I am pleased to appear before your committee to discuss the readiness status of the Army National Guard.

I have submitted a written statement which I would ask be made part of the record of these proceedings.

From a historical standpoint, readiness trends for the Army National Guard are up. For instance, since fiscal year 1981, training readiness increased by 6 percent, personnel readiness increased by 5 percent, and MOS qualification rates increased by 2 percent.

During this timeframe, equipment-on-hand readiness decreased by 5 percent. I will address the reasons for that later.

I would at this point just like to echo what General Mahaffey has already said with regard to basing readiness on the unit status report.

If you were to talk to active component inspectors, evaluators, and observers of Army National Guard unit training, I believe you would find a consensus of opinion that the Army National Guard is a more professional force and a force more capable of performing its mission now than at any time in its history.

However, if you only looked at the measures we use for reporting unit status, you would find that the number of Army National Guard units reporting C-3 decreased slightly in fiscal year 1983 from the all-time highs recorded in fiscal year 1981 and fiscal year 1982.

The major reasons for this decrease are unit organizational changes caused by changes in tables of organization and equipment and, as I said earlier, equipment shortages.

This must be put in the context that the ARNG has more and better people, more and better equipment, and the combat capabilities of the ARNG have never been better.

Placed in terms of the relative size of the armies of the world, the Army National Guard ranks as approximately the eighth largest. In terms of the contribution to the force structure of the total Army, 46 percent of the combat forces and 37 percent of the support forces are found in the Army National Guard.

In fiscal year 1985, we will be adding artillery, engineer, transportation, forward support, and field service units to the Army Guard's force structure.

In addition, a divisional support command headquarters will be activated as we continue organization of the Army Guard's 9th Division, the 35th Mechanized Infantry Division, headquartered at Fort Leavenworth.

We are continuing our program to increase strength in the Army National Guard with paid strength budgeted to reach 433,000 at the end of fiscal year 1984. This increase equates to 93.6 percent of wartime required strength.

A further increase in strength to over 447,000 is requested for fiscal year 1985 which equates to 94.9 percent of wartime required strength.

Successes we have enjoyed in the past may not be as easily achieved in the future due to a dwindling manpower pool and policies we have initiated to improve the quality of the force.

In fiscal year 1983, 63.4 percent of total accessions were high school graduates and test score category IV accessions amounted to only 6 percent. Our goal for fiscal year 1984 is to access a minimum of 65 percent high school graduates with no more than 12 percent test category IV accessions.

We are increasing our recruiting force in fiscal year 1984 and requesting an increase in fiscal year 1985. This increase in recruiters and continuation of incentive programs for the Army National Guard are critical to helping us achieve our end strength goals, which relate directly to improving the readiness of Army Guard units.

To continue in the manning area, we are requesting an increase of 9,951 personnel for our Active Guard/Reserve program in fiscal year 1985. These additional AGR's, as they are called, would increase our full-time unit support levels to nearly 7 percent of our end strength, an increase from the 5.5 percent level budgeted in fiscal year 1984.

This increased support will enhance readiness by providing needed assistance to unit commanders in the areas of training, administration, modernization, logistics, and maintenance as they train to perform their units' missions.

EQUIPMENT SHORTAGES

One of the major problems impacting on readiness in the Army National Guard continues to be shortages of equipment and is a basic problem throughout the Army.

Equipment shortages from wartime requirements for the Army National Guard have increased from \$4.7 billion at the end of fiscal year 1982 to \$11.9 billion at the end of fiscal year 1983.

This is based on a wartime requirement of \$25 billion and equipment on hand valued at \$13.1 billion at the end of fiscal year 1983. There are essentially two reasons for the increase in the shortfall.

As Army Guard force structure increases, total equipment requirements increase.

The second reason is that we are now basing our equipment shortfalls on the cost of modernized equipment.

To explain this last reason more fully, let us assume that we have a unit equipped with M48A5 tanks with less than the authorized number of tanks on hand. Instead of calculating the cost of filling that shortfall on the cost of an M48A5 tank, it is now being calculated on the cost of an M-1 tank.

It is this last reason which has had the greatest impact on the increase in value of our equipment shortfall. Our major equipment shortages continue to be in air defense systems, communications equipment, medical equipment, combat vehicles, and aircraft.

Actions by the Army to accelerate deliveries of modern equipment to the Army Guard are ongoing. We received our first issue of M-1 tanks in fiscal year 1983 for a battalion in the North Carolina Army National Guard.

M-1's are scheduled to be delivered to two battalions of the Mississippi Army National Guard and one battalion of the Georgia Army National Guard in fiscal year 1985.

Other modern equipment issued in fiscal year 1983 and scheduled for delivery through fiscal year 1985 include M60A3 tanks, Bradley fighting vehicles, Roland and Chaparral air defense missiles, improved TOW vehicles, M-198 howitzers, and AH-1S attack helicopters.

As you can see, we are getting better equipment and more of it which is improving the overall equipment posture of the Army Guard. Projected deliveries of equipment to the Army Guard amount to over \$600 million in fiscal year 1984 and increase to over \$1 billion in fiscal year 1985.

I want to thank you for the support you have provided for procurement of equipment for the Army National Guard. It has enhanced our readiness capability, particularly in early deployment units, and although I am the one honored with the opportunity to personally thank you, I am speaking for over 400,000 soldiers who would express their appreciation for your support and consideration if they had the opportunity.

TRAINING

The next area I will address is training. We are doing more training in a field environment, as close to combat conditions as possible. We sent our first battalion to train at the National Training Center in fiscal year 1983, the 1st Battalion, 108th Armor from the Georgia Army National Guard. They are a round-out element to the 24th Division stationed at Fort Stewart.

They performed well under the realistic and strenuous conditions that training at Fort Irwin demands.

A battalion from the Minnesota Army National Guard will train at the National Training Center in fiscal year 1984 and five more Army National Guard battalions will train there in fiscal year 1985.

Increasing numbers of units are participating in overseas deployment training to include participation with active component units in joint training exercises such as Reforger.

The key personnel upgrade program [KPUP] affords Army Guard personnel with additional opportunities to train with active component units and to improve their skills. For the first time in fiscal year 1983, Army National Guard personnel participated within KPUP in Reforger 1983 with forward deployed active component units and also participated with active component units at the National Training Center in that particular exercise.

All of the types of training I have mentioned provide Army National Guard units and individual soldiers with opportunities to train at levels and under conditions which were unheard of in the Guard only a few years ago.

We are getting better training as a result and the fiscal year 1985 request reflects our desire to increase our training efforts in these areas.

Some of the most important initiatives in the Army National Guard at present are focused on raising NCO competency, which is essential and key to success on the battlefield and the survival of our soldiers.

Whereas officer development and training have long been a part of Army Guard programs, NCO's have often been neglected. Because military occupational specialties remain a critical part of readiness and unit capability, and because we will be deploying earlier to a more lethal battlefield with less time to get ready, it is vital to our force that we have NCO's fully qualified and trained to teach highly skilled specialties and to lead the personnel in their units.

In conclusion, I want to thank you for the support you have provided the Army National Guard in the past. We are being asked to do more for the defense of our country and the citizen soldiers of the Guard are ready and willing to do more.

We must have the resources in order to fulfill our increasing role and trust that we will continue to get the support from Congress required to fulfill that role.

Thank you for allowing the Army National Guard to be heard.
[The prepared statement of General Temple follows:]

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PREPARED STATEMENT BY MAJ. GEN. HERBERT R. TEMPLE, JR., DIRECTOR, ARMY
NATIONAL GUARD, DEPARTMENT OF THE ARMY

INTRODUCTION

The complexion of the Army National Guard (ARNG) and its role in the Total Army Force has changed substantially over the past few years. Increased reliance on the ARNG has resulted in significant increases in force structure and in responsibility for early deploying missions. The size of the force has increased dramatically from 346,000 in FY79 to a requested strength of 447,000 in FY85. Modern equipment has been distributed to the ARNG and increasing amounts are planned for distribution in the future. Training for some members has increased beyond the normal 48 weekend drills and 15 days of annual training. The ARNG is being asked to do more and, when given the resources, has demonstrated that it can do more.

The support of Congress is integral to providing the authorizations and appropriations for all ARNG programs. In providing that support, Congress and the American people have a right to expect a fair "Return on Investment" from the resources provided to the ARNG. Although it is difficult to put that "Return on Investment" into the same percentage terms as is commonly anticipated for an investment in a commercial instrument, this statement will show that the resources provided to the ARNG have resulted in improvements to the force and have been wisely utilized.

The statement is broken down into two sections, the first dealing with state missions and the second with Federal missions. State mission responsibility sets the National Guard apart from the other Reserve Components and provides it with local, state, and national visibility as it is mobilized by the states to respond to natural disasters, civil disturbances, and other domestic emergencies. The Federal mission, which is primary, is "to provide properly trained and equipped units available for prompt mobilization in the event of national emergency or war" and is dealt with in detail in this statement.

STATE MISSIONS

Fiscal year 1983 was another active year in which the National Guard was used by civil authorities to respond to emergencies throughout the states and territories. Guard personnel responded to 511 call-ups in 48 states and territories continuing a trend to utilize the training and expertise of National Guard forces to respond to civil emergencies. The total of 511 call-ups involved 10,630 Guard personnel and required 60,300 mandays. An analysis of the civil emergency support missions finds the ARNG responding to a never ending onslaught of extreme weather which brought record snow, rain, cold, and heat affecting many states. During Hawaii's first major hurricane in 23 years and California's worst earthquake since the San Francisco quake of 1906, ARNG soldiers came to the support of residents and communities. This was also a period in which the National Guard played a more active role in support of law enforcement drug control operations. Use of fewer Guard personnel for state missions is an obvious indication of tighter state budgets as state funds provide pay and allowances to Guard personnel during state emergency duty. The involvement of the National Guard in various types of missions reflects better training and public acceptance of the Guard as a

professional emergency force. The statistics regarding state mobilizations in the following two paragraphs pertain mainly to the ARNG but in some cases include situations in which both Army and Air National Guard personnel were mobilized as a joint task force.

Ten civil disturbance call ups in ten states occurred in FY83. However, natural disasters and emergencies other than civil disturbance operations are the dominant reasons for state mobilizations. Natural disasters accounted for 129 call ups which included 63 floods, 22 snow/ice storms, 12 forest/range fires, 22 tornados, 7 volcanic eruptions, 1 earthquake, and 2 hurricanes. The remaining 372 operations involved 127 medical evacuations, 71 search and rescue missions, 26 water hauls to areas experiencing drought, water contamination or systems under repair, 9 power outages requiring emergency electrical power, 4 chemical spills/chemical fires, and 135 support missions involving sundry emergencies.

Mobilizations for state emergency duty, paid from state funds, provide a return on investment in terms of increasing preparedness for the ARNG's Federal mission. These state call-ups in many ways can be compared to additional periods of training in which ARNG members and units have the opportunity to exercise and perfect their military skills and perform in many of the same functional areas as those required for the Federal mission. Command and control, alert and assembling of units, convoy movement, communication, team work, development of operations orders, logistics and administration are but a few of the functions common to Federal missions which enhance overall preparedness. In addition, during periods of state emergency duty which require specialized units such as medical, transportation, military police, aviation and engineer units, military occupational specialty (MOS) training is enhanced.

FEDERAL MISSIONS

ORGANIZING THE GUARD

The Department of Army (DA) Deputy Chief of Staff for Operations and Plans (DCSOPS) is responsible for determining how the Total Army Force should be organized to meet our nation's wartime requirements. The Chief, National Guard Bureau (NGB) and Director, ARNG, in coordination with state Adjutants General, participate with the DCSOPS in determining what types of units will be organized within the ARNG force structure.

In FY81, Congress supported organizational changes to selected elements of the ARNG force structure to meet Total Army Force requirements and the enhanced defense of our country. Among the most significant was the activation of an additional armor brigade in the Kentucky ARNG. This brigade was formed by a consolidation of existing combat and combat support elements, permitting the Army to add combat power at minimum cost and with minimal personnel turbulence. In addition, nuclear, biological, and chemical defense companies were added to the 50th Armored Division in New Jersey and the 49th Armored Division in Texas. A combat support aviation company was activated in Hawaii as part of the 29th Infantry Brigade, which is roundout to the 25th Division.

The ARNG continued to modernize in FY82 consistent with Total Army Force wartime requirements and resource availability. Significant force structure actions accomplished were the activation of an air traffic control headquarters, a medical battalion headquarters, and an ammunition battalion headquarters with three conventional ammunition companies. Military intelligence aerial surveillance organizations were reorganized to form a Combat Electronic Warfare Intelligence aerial exploitation battalion (-). The ARNG also organized its first units in Guam, a military police company and two engineer detachments.

During FY83, each of the 54 State ARNG headquarters organizations were reorganized into State Area Commands (STARCs). The purpose of the reorganization was to establish more effective support for mobilization of the ARNG. Significant activations in FY83 included an infantry battalion headquarters (mountain) and a mountain school. Establishment of a mountain school fills a void that existed for the training of specialized combat forces. Standardized training by expert mountaineering specialists will ensure that the requisite skills for successful mountain/cold weather combat operations are achieved.

Force structure actions programmed for FY84 include the activation of the 35th Infantry Division (Mechanized) headquarters located at Ft. Leavenworth, Kansas. Plans for the division's structure were solidified during FY83 as a result of conferences with the states involved in formation of this new ARNG division, i.e., Kansas, Nebraska, Kentucky, Colorado, and Missouri. The core of the division will be formed with three existing separate combat brigades from the states of Kansas, Nebraska, and Kentucky. The additional structure will come from the conversion of some existing non-divisional structure and new activations in the five cited states. Activation of the Total Army Force's only ROLAND battalion in the New Mexico ARNG marks the first time that the Guard has received a weapon system not previously fielded by the Active Army. US ROLAND is an all-weather air defense weapon system designed to protect troops and other battlefield targets against low altitude air attack. The ARNG increased its divisional roundout role in the Total Army Force in FY84. An additional roundout brigade was added increasing the total furnished by the ARNG to five and an additional roundout battalion was added increasing the total furnished by the ARNG to seven.

The increase in ARNG force structure planned for FY85 is considerable when compared to previous years. Force structure changes include transfers of Active Component units to the ARNG, activations of new units, and conversions of existing units. Examples of the types of units being transferred and/or activated include engineer, artillery, transportation, forward support, and field service units. A divisional support command headquarters for the 35th Division will be activated. Detailed planning was begun in FY83 for the reorganization of nine state owned/operated training sites which are also mobilization stations. The purpose of the reorganization was to provide continuity in the transition from peacetime to mobilization for those mobilization stations. The Installation Support Units (ISU), as the sites are called, will perform a training mission and a mobilization and deployment planning mission in peacetime. The ISU will operate the mobilization station upon mobilization. The ISUs are programmed to be resourced over several fiscal years beginning in FY85.

The return on investment in the force structure area is realized by summarizing the contributions made by the ARNG to the Total Army Force. Forty six percent of the combat units and 37 percent of the combat support and combat service support forces exist within the structure of the ARNG. As of FY84, these forces include 9 divisions, 17 separate brigades, 5 divisional roundout brigades, 7 divisional roundout battalions, and 4 armored cavalry regiments. Future plans include an even greater role for the ARNG as a partner in the defense of this country.

MANNING THE GUARD

Building on strength gains made each year since 1979, the ARNG has continued to pursue its aggressive program for increasing strength, concurrent with the expansion of ARNG structure. Fiscal Year 1983 closed with an ARNG paid strength of 417,178, including 41,678 officers and 375,500 enlisted personnel. This represented the successful achievement of over 100 percent of ARNG programmed end strength, 97 percent of authorized strength and 92.5 percent of the wartime requirement. At the same time that these gains were being made, the overall quality of the force continued to improve. Test score category IV accessions decreased significantly from 11.8 percent in FY82 to 6 percent in FY83---well within the objective of 20 percent.

Support of our strength program remains key. Strength increases and quality gains are in large measure attributable to the efforts of the ARNG full-time recruiting force. Scheduled additions will bring this force to a strength of 2,534 in FY85. The additional recruiters will be employed to meet a tougher recruiting environment characterized by an improved economic climate and a decreased manpower pool of 18-21 year-olds (9.6 million in 1985 - down from 10.8 million in 1979). The Selective Reserve Incentive Program (SRIP), designed to support quality fill of critical skills and high priority units, will remain an essential ingredient for meeting strength objectives. It is absolutely essential that SRIP be continued beyond the expiration of current authorizing legislation at the end of FY85. The ARNG advertising program further enhances total strength in attracting and maintaining public interest and support. ARNG recruiters continue to benefit from local television and radio public service announcements as well as localization of NGB produced advertisements and media materials. Another success for the ARNG in FY83 was in the retention of enlisted soldiers. Retention of first term enlisted soldiers was 109 percent of objective for FY 83 and 101 percent for careerists. Within that success, however, as the force grew and the economy improved, ARNG losses prior to the completion of enlistment contracts (or non-ETS losses) have started to increase. During FY83, the non-ETS loss rate rose from 15.7 percent to 16.8 percent. The current force of 258 ARNG full-time retention Non-Commissioned Officers (NCOs) is working to improve retention by resolving conflicts with employers and family members and by improving relations with employers; their major thrust, however, is to reinvolve unsatisfactory and absent members. The 99 additional retention NCOs being requested for FY 85 will reduce non-ETS losses to 15.6 percent. Though this reduction in the non-ETS rate appears to be small, it will result in approximately 3,400 current members being retained in the ARNG. This represents an excellent return on investment as 3,400 fewer accessions will be required, resulting in savings of nearly \$10.0 million based on an average accession/training cost of \$6,700. We expect to meet our retention objectives

through the efforts of these retention NCOs and by continuing a strong strength management education and training effort to involve all leaders in the retention program.

The percentage of minorities in the U.S. population is approximately 16 percent with a minority population of 25.6 percent in the 17 to 34 age group. At the end of FY83, minority strength in the ARNG was at 107,099, equating to 25.6 percent of total ARNG strength. This figure includes 3877 minority commissioned and warrant officers and 103,222 enlisted members. The ARNG has experienced a .2 percent drop in minority representation since FY82, although the actual minority strength in numbers has risen by 1491. The percentage drop is attributed to the increase in overall ARNG strength.

Officer programs have continued to contribute quantity and quality to the ARNG strength gains. Accessions have been steadily increasing and have now reached the programmed level, just under that authorized by the force structure. At the end of FY83, commissioned and warrant officer strength reached 41,678 or 99.7 percent of the budgeted program of 41,800, and 97.5 percent of the 42,759 authorized force structure. Although the recruiting and retention of medical specialties, particularly physicians, remains a concern, the fielding of the Army Medical Department full-time recruiting force resulted in a significant increase in accessions-- 120 in FY82 and 161 in FY83.

The flow of officers from the Reserve Officers Training Corps (ROTC) has increased from approximately 10 percent of ARNG officer accessions in 1979 to 34 percent in 1983. ROTC accessions are programmed to increase to 40 percent of total accessions by FY89. The State Officer Candidate Schools (OCS) remain the primary source of career officers and best meet the particular needs of geographically dispersed units.

With a good officer strength posture in FY84, the ARNG is focusing on improving the quality of its officer corps. Increased civilian education requirements for officers implemented in FY83 are expected to contribute significantly to this goal in FY84 and beyond. Minimum officer education requirements for OCS applicants will gradually be raised from the current requirement for a high school diploma to two years of college for the 1989-1990 state OCS class. All officers appointed in the ARNG after 30 September 1983 are required to have a baccalaureate degree to be considered for promotion to major. Additionally, all ARNG commissioned officers will be required to have a minimum of two years of college by 1 October 1989. Success of these educational initiatives is dependent upon ARNG efforts to provide tuition and other types of educational assistance to its members similar to that now available for Active Army members. The ARNG and the Army Reserve are seeking authority and funding to begin providing educational assistance to their members in FY85.

The ARNG Captains to Europe program, begun in 1980, has continued to provide an opportunity for ARNG captains to gain experience with the Active Army in Europe while on a 20-30 month tour of active duty. The program has expanded to include Panama and Korea and has provided training for over 117 captains in brigade and smaller units. The Active Component also benefits from this program--one young ARNG captain developed and implemented the M1 tank fielding program for US Army Europe while another developed the USAREUR adopted counter-terrorist program.

Another major element of manning is the full time support force. Traditionally, ARNG military technicians have been the primary source of full time support. For many years, they have provided the continuity for unit operations between monthly drill periods in the administrative, supply, maintenance, and training areas. Prior to the passage of the FY84 DOD Appropriations Act, ARNG military technician program growth had been negligible, increasing from 22,247 in FY81 to 22,742 in FY83. As a result of FY84 Congressional action, the ARNG military technician floor was raised from 22,557 in FY83 to 24,119 in FY84, an increase of 1562 technician positions.

Before FY81, the only ARNG members on active duty tours served in the area of recruiting and retention and in positions at the national level. Based upon the Defense Manpower Commission report of 1976 and Congressional actions in 1979, the ARNG began to add full time military personnel and convert military technician positions to full time military positions. These programs have evolved into today's Active Guard/Reserve (AGR) program. Personnel on full-time military duty in the AGR program generally come from the same source as ARNG technicians, i.e., members of the ARNG who are local residents and who have long term ties with the unit and the community. This is unique to the National Guard as AGR personnel serve in a state control status until federalized.

The Full-Time Manning (FTM) program, which is part of the AGR program, has the following objectives: to provide additional military personnel to assist unit commanders in the transition to a wartime posture by improving training, administration, logistics, and maintenance; to improve readiness capability in early deploying units; and to assist in improving mobilization capabilities at the unit level. The FY80 budget provided authorization and appropriations for 1108 personnel to be placed on full-time military duty in selected units for the purpose of improving mobilization readiness. These 1108 ARNG members were joined by 624 Active Component personnel with highly specialized skills to assist in accomplishing this mission. Through FY84, the FTM program has grown to a level of 6,253 ARNG AGR personnel and 839 Active Component personnel.

The FY 84 appropriation includes a total of 16,632 AGR personnel. The FY 85 budget request includes growth of 9,951 personnel in the AGR program to 26,583 and will improve our ability to achieve ARNG readiness objectives. Approximately 94 percent of the growth is in the FTM program (3,588) and in the Readiness Support program (5765). Six hundred of the AGR-FTM positions will replace Active Component FTM personnel as they are phased out of the FTM program and return to Active Component units. The balance of AGR-FTM growth (2988) will provide additional personnel for company-size units and intermediate staff and will be assigned in sequence based on priority. The increase in the Readiness Support program provides for a wide variety of initiatives. These include, but are not limited to, programs to develop new organizational structures while modernizing forces, identifying and establishing aviation training sites, improving personnel support, and identifying the initial increment of full-time unit support considered necessary to adequately support the ARNG. This number is considered the minimum necessary to support the FY85 requested force of 447,283 soldiers and associated equipment that will comprise 57 percent of the Active Component strength and 39 percent of the Total Army Force inventory of artillery, combat vehicles, and other major items of equipment.

EQUIPPING AND SUSTAINING THE GUARD

Elimination of the ARNG equipment shortfall would provide the most immediate return on investment, in terms of readiness improvements, from resources applied toward a major problem area in the ARNG. Lack of equipment on hand and maintainability problems associated with older equipment currently found in the ARNG inventory are the two primary reasons for readiness shortfalls. Equipment shortages are by no means unique to the ARNG. They exist throughout the Total Army Force and occur as a result of operating in a resource constrained environment. At the start of FY84, equipment needed by the ARNG to meet full wartime mobilization requirements was valued at \$25.0 billion (includes procurement funded items only). To meet this wartime requirement, equipment valued at \$13.1 billion was on hand in ARNG units leaving a shortfall of \$11.9 billion. These figures are substantially larger than the \$4.7 billion shortfall figure reported to Congress at the start of FY83. The increase in cost figures reflects a more realistic picture and results from costing the inventory and shortfall based on modern equipment replacement costs and current dollar pricing. The \$4.7 billion figure was based, for example, on the procurement cost for M48A5 tanks in units which had that model of tank and were short the number required by the unit TOE. That shortfall is now based upon the cost of filling the requirement with an M1 Abrams tank.

The Active Component is committed to providing modern equipment to ARNG units in support of both peacetime training and wartime requirements. Evidence of this commitment is reflected by the decision to provide modern equipment to ARNG roundout units concurrently with modernization of the parent Active Component unit. This has accelerated and is scheduled to accelerate the modernization process in many ARNG roundout units. Examples of modern equipment which have been issued since FY82 are M1 Abrams and M60A3 tanks, Bradley Fighting Vehicles, and Improved TOW vehicles. Receipt of this new equipment causes the displacement of equipment currently on hand to other lower priority units, either to fill unit shortages or provide a more modern set of equipment. An example of this "waterfall effect" becomes evident when the M1 tank displaces the M60, the distribution of which will then cause M48A5 tanks to displace.

In FY83, equipment issued by the Active Component to the ARNG through normal supply channels in FY83 totaled \$370 million, an increase of nearly \$100 million over the FY82 level of \$271 million. Projections by DA indicate that \$611 million worth of equipment will be delivered to the ARNG in FY84. The Active Component is committed to procure nearly \$1 billion worth of equipment for the ARNG as a result of FY84 appropriations. Significant deliveries of this equipment are scheduled to occur in the FY86-87 time frame.

Because of the high density of armor within Warsaw Pact forces, it is imperative that we have weapon systems capable of defeating that threat. Modernization of the ARNG helicopter fleet began in FY80 with the transfer of the first 7 AH-1S aircraft from the Active Component. Anticipated deliveries of 27 AH-1Ss in FY84 and 67 more in FY85 will increase the ARNG inventory to a total of 150 AH-1Ss. Total ARNG requirements are for 409 AH-1S aircraft. Most ARNG aviation attack units are currently equipped with the UH-1M aircraft, a Vietnam vintage attack helicopter which has neither the armor defeating TOW system nor an all weather capability. Delivery of AH-1S aircraft has provided ARNG aviation with both capabilities.

Additional equipment has also been procured for ARNG units from Congressionally dedicated funding. As a result of dedicated funding provided in 1978, the ARNG has received newer generation communications equipment. Also, 149 5 ton cargo trucks were distributed to the ARNG as a direct result of 1982 dedicated funding. Congressionally dedicated funds were utilized in FY83 for procurement of armored personnel carriers, 5 ton cargo trucks, and tactical communications equipment. In FY83 Congress also provided funds for procurement of COBRA helicopters and C-12 aircraft for the ARNG within DA procurement appropriations. The ARNG will use the \$100 million of dedicated procurement funds provided by Congress in FY84 for procurement of tactical communications equipment, fuel tankers, Commercial Utility Cargo Vehicles, night vision goggles, and Decentralized Automated Service Support System (DAS3) computers. This is in addition to \$45.8 million for upgrade of AH1G helicopters to AH1S configuration (COBRA/TOW) and \$10.5 million for 23 company sets of Multiple Integrated Laser Engagement Systems (MILES) provided within DA procurement appropriations and specifically designated for the ARNG. The delivery of this equipment has already improved, and, in the cases of equipment which has not yet been delivered, will improve the equipment on hand status of early deploying units. Additionally, delivery of modern equipment to the ARNG provides a training opportunity that will enhance the effectiveness of the ARNG's role as part of the Total Army Force. Provision of new equipment to the ARNG will also ensure compatibility with Active Component equipment.

As a result of an ARNG Communications-Electronics Equipment Study conducted in 1982, the problems identified in the areas of interoperability, compatibility, supportability, and deployability have been and are still being addressed at the DA level. Major concerns are with the first generation multichannel Frequency Division Multiplex equipment in all ARNG signal battalions and detachments. DA has directed assessments of the interoperability, supportability, and interface of the first generation multichannel equipment by all major commands.

With \$70.6 million of the total of \$150 million of Congressionally dedicated procurement funds provided by Congress in FY83 and FY84, the ARNG has been able to initiate procurement of equipment to improve division and corps level communications equipment. Examples of this equipment would be multichannel telephone terminals and radios for corps level signal units, and improved high frequency radios for division level units. In addition, the ARNG is also procuring small unit transceivers and test equipment. This Congressionally dedicated funding is enhancing the ARNG readiness capability and will improve battlefield communications with Active Component units.

The ARNG organizational clothing and equipment (OCE) program posture has improved but continues as a major problem area. The problems are related to expanding requirements for stock funded items due to the increasing size of the force, new systems being introduced (e.g., body armor, Kevlar helmet, chemical protective overgarment), new requirements (e.g., troops in units located in warm climates being required to be outfitted for cold weather missions), increased emphasis (e.g., one training set of chemical defense equipment (CDE) in addition to one contingency set), the age of on hand OCE, and inflation. Prior to FY82, there was no significant growth in the ARNG OCE program. In FY82 and FY83, Congress provided increases to the Operation and Maintenance, ARNG (OMNG) budget request which permitted significant increases for procurement of CDE, cold weather clothing and equipment (CWCE), camouflage

modules, OMNG funded medical equipment, tool and test sets, and fire direction sets.

The level of support available to requisition from DA and DOD stock funds is critical to unit mobilization and deployment readiness. Even with the increases provided by Congress in FY 82 and FY83, ARNG OCE shortages totaled \$444.1 million at the end of FY83. Negative program growth of \$64 million in FY84 in this critical area will cause the projected backlog to increase to over \$508.2 million at the end of FY84. The FY85 budget of \$126.5 million will not alleviate the shortfall significantly because, even with increased program growth over FY84 levels, replacement of demand supported items consumed during FY85 will exceed \$100 million. Chemical Defense Equipment shortfalls which impact on both training and mobilization readiness continue to be of concern. Extensive shortages of OMNG funded medical equipment also impact on the ARNG's ability to achieve readiness goals. Based on increasing OCE requirements, it is difficult to project significant reductions in backlogs in the near future. Priority of issue continues to be to early deploying units.

Expansion of commercial communications services for the ARNG will continue during FY 84 and 85 to support DoD requirements for Intrusion Detection Systems for facilities housing sensitive equipment as well as to support budgeted increases in communications services required for added full time support personnel. Replacement of antiquated and inefficient telephone systems at State headquarters remains a high priority. Planning and programming to accomplish these actions did not include cost inflation resulting from the uncertain impact of telephone industry deregulation. The impact of this deregulation, based on telephone cost increases that have been publicly revealed, will be substantial and will require additional resources to support basic telephone service and commercial circuits. By January 1985, all states will have the capability to pass classified data through secure facilities and communications equipment. In conjunction with Forces Command (FORSCOM), planning continues to provide secure terminals at each State Area Command (STARC) by FY86 to provide access to the World Wide Military Command and Control System.

Materiel readiness reports at the end of FY83 revealed that the ARNG equipment readiness posture compared favorably with Army standards. However, some disturbing trends in non-mission capable rates for the ARNG have developed. A contributing factor to these trends is the shortfall in the FY84 funds needed to purchase repair parts. Shortfall in the ARNG repair parts funding program will exceed \$138 million by the end of FY84. This shortfall will force a reduction in the stockage of authorized repair parts, resulting in a reduced capability to provide responsive repair parts support and decreased equipment operational readiness. Repair parts requirements are directly related to expanded equipment inventories, equipment age, and to equipment deterioration resulting from the increased use of ARNG equipment to support training. The expanded use of ARNG equipment to support Active Component and Army Reserve year round training programs is also a contributing factor to the significantly increased ARNG maintenance support requirements. While most of the equipment in the ARNG is fully supportable and deployable, some of it is old and significantly less capable than equipment in the Active Army. For example, ARNG air defense units are equipped with the 30 year old M42A1 Self Propelled 40mm Gun - Duster, which has become progressively more difficult to maintain due to age, deterioration and the non-availability of repair parts, major components and ammunition.

The budgeted FY85 repair parts funding support level will provide a positive improvement in the ARNG materiel readiness posture and deployment capability. This increase will provide for improved repair parts stockage and significantly decrease repair parts related maintenance backlogs at both organizational and support level maintenance shops. Increased command emphasis, the implementation of management initiatives designed to improve both maintenance training and operation, and the expanded availability of repair parts will significantly enhance the ARNG's FY85 equipment operational readiness posture.

The FY85 depot maintenance program provides \$81.4 million to upgrade and improve aging ARNG equipment. A series of depot maintenance programs designed to improve the fighting capability of combat vehicles is continued in FY85. These essential equipment improvement programs include modernization of the M109A3 155mm Self Propelled Howitzer, conversion of gasoline powered M113 Armored Personnel Carriers to diesel engines, and upgrade of the ARNG 5 ton wrecker fleet. A program to combat the very serious problem of rust damage to ARNG vehicles is being continued. This rust proofing program, initiated in FY83, will ultimately result in the rustproofing of all tactical wheeled vehicles in the ARNG inventory. The FY85 ARNG depot maintenance program provides funds to support a materiel readiness posture in the ARNG that will continue to compare favorably with established standards.

Upon mobilization, the four ARNG Aviation Classification Repair Activity Depots (AVCRAD) round out the Active Component's world-wide aviation depot maintenance capability. This program transfers the experience and expertise of ARNG aviation maintenance personnel to the sustainment of Total Army Force aviation immediately after mobilization. In their pre-mobilization status, the mission of these units is to provide aviation maintenance support up to and including limited depot maintenance for the 2500 aircraft in the ARNG inventory. One of the programs in this support mission is a closed loop, aircraft component direct exchange program. Serviceable components are stocked at the AVCRADs. Unserviceable components are sent from units to their supporting AVCRAD, which returns a replacement component to the unit. AVCRADs perform the required repairs on the unserviceable components and replace them in stock, ready for reissue. During FY83, 9,387 components were exchanged, which directly contributed to the ARNG aircraft operational readiness rate of 73%.

The demand for ARNG personnel and administrative management information required to better manage the ARNG continues to expand. The existing automated ARNG Personnel Reporting System (PRS) can no longer keep up with these fast growing requirements. The ARNG Standard Installation/Division Personnel System (SIDPERS) is designed to fill this void. The SIDPERS-ARNG system will provide standardized data which will permit interface with Active Army and Army Reserve automated management information systems. This standardization will greatly broaden the management information available to support rapid mobilization, force structure objectives, maintenance of and projections for manning the ARNG, statistical input for logistical funding and readiness, and provide the operations and training information required to meet mission requirements. Implementation of ARNG-SIDPERS will provide the capability to immediately merge ARNG personnel records and data into the Total Army Force personnel management system upon mobilization. It also will enhance retention through provision of improvements in the military pay system for individual soldiers. Although the SIDPERS-ARNG system will not be

operational until October 1984, preparations for its implementation have produced some immediate returns. The SIDPERS personnel in the states are responsible for the PRS, a quality assurance program, records preparation, and certain data elements in the current automated system. This has improved the quality of data now received through the PRS. The placement of SIDPERS personnel assets in the states to effect the quality assurance program, establish document audit trails, and train input originators and personnel managers has also resulted in a more timely and accurate drill attendance reporting program. SIDPERS personnel will continue preparations for system implementation while providing the management information required to support the Guard's role in our national defense.

Another sustaining effort is that of operating, maintaining, modernizing, or replacing facilities utilized by the ARNG. This involves a physical plant of 5,010 facilities consisting of 2,822 armories (1,504 of which are over 25 years old), 1,585 logistics facilities, 445 training sites, and 158 United States Property & Fiscal offices and warehouses. These facilities range in size from a 60-person armory in a small community to large training sites with acreage capable of supporting an entire division during a single training period. Under the provisions of the United States Code, facility support varies from 100 percent Federal funding of training sites to full state funding for operation and maintenance of state-owned armories. The Backlog of Maintenance and Repair (BMAR) will continue to increase, based on funds available for the Base Operations program during FY 84. However, the FY 85 budget request includes funds for BMAR reduction which, when coupled with the out years program, would meet the Congressionally mandated containment level of \$15.2 million during FY 88. Continuing use of computerized systems is paying big dividends in upgrading the OMNG minor construction and maintenance and repair programs and making them more responsive to Federal and state requirements.

The backlog in construction requirements at the end of FY 83 is valued at \$825 million which indicates a leveling off of identified construction backlog. However, this apparent leveling off is deceptive considering the increased aging of the existing physical plant, as noted by the increase in the number of armories over 25 years old and current emphasis to replace World War II temporary buildings still in use at annual training sites. New management initiatives are addressing these problems. The objective of one such initiative entitled Stable Annual Investment for Renewal of Systems (STAIRS) provides new perspectives in assessing priorities during budget cycles as one means of gaining visibility for these needed facilities replacement projects. The program goal is to achieve a 2 percent replacement rate for all categories of facilities. Emphasis is being given minor construction projects to upgrade and modernize training site facilities and ranges as one means to maximize training during the limited time available to ARNG troops. Range developments will be consistent with new weapons entering the ARNG inventory and the Army's combat training doctrine.

The FY 84 Military Construction, Army National Guard (MCNG) program provides for 53 new major construction projects. The minor construction program includes funds to initiate the local training site range modernization program. The FY85 military construction request of \$89 million will provide for 50 major construction projects, with 8 additional construction projects released from the major construction program to be accomplished under the expanded authority permitted under Military Construction (MILCON) minor

construction. Funds programed for upgrading local training sites have been doubled from the prior year amount.

TRAINING THE GUARD

As a result of increased reliance on the ARNG as part of the Total Army Force, major emphasis continues to be placed on training to meet readiness goals, both for individuals and units. Return on investment from resources applied to training is a force that knows how to fight and win on the modern battlefield under the lethal conditions which will exist there. Much has been accomplished in improving the training readiness of the ARNG in the past few years but with the increasingly important role it is being asked to play in the Total Army Force, much remains to be done.

Increased emphasis has been focused on training in a field environment in the past few years. We must train in an environment which provides as close to combat conditions as possible and to the levels which combat will demand, i.e., train as we will fight. Our leaders have to know how to orchestrate the battlefield to our maximum advantage because we will be outnumbered both in personnel and weapon systems. Because there will be little time for post-mobilization training, we must be prepared to respond at any time.

An established goal of the ARNG is to increase the level of unit training. During FY83, 57 percent of all armor, infantry, armored cavalry, reconnaissance and TOW Light Anti-Tank (TLAT) battalions/squadrons trained at battalion level and above. All units must graduate to combined arms (task force and company/team level) training as this is the way these units will be required to fight. The ARNG has made some progress in this vein with National Training Center (NTC) rotations for heavy roundout battalions, limited procurement of MILES equipment, and three week annual training periods for selected units. However, in order for us to improve combined arms training, which takes place primarily during annual training, we must improve our capability to conduct mission-oriented training during drill periods. Factors inhibiting that capability are support for local training areas and a shortage of travel funds to support movement of units to adequate training areas.

In FY83, ARNG units began training at the NTC when an armor battalion from the Georgia ARNG trained there with the Active Component brigade with which it is aligned. In FY84, a mechanized infantry battalion from the Minnesota ARNG will be challenged by the NTC training experience. In FY85, five ARNG battalions are scheduled to participate. Heavy roundout battalions will continue to train there on a frequency of every three years and scheduling of an ARNG brigade task force is being considered for the FY86-87 timeframe. This program is funded almost entirely by FORSCOM for ARNG units. Support of FORSCOM funding programs for the NTC is, therefore, vital to the ARNG. Funding for an additional week of annual training and preparatory training for participating units is included in the FY85 ARNG budget request. Training for ARNG units at the NTC provides invaluable lessons learned and a unique opportunity to realistically execute missions for which they have trained.

A requirement for Reserve Component nuclear-capable artillery battalions to take a nuclear ARTEP and have a technical validation inspection

administered was implemented in FY83. In order to successfully complete a qualification ARTEP, a unit must conduct a minimum of 80 percent of their delivery of fire tasks while maintaining a 70 percent or better operational readiness in personnel and equipment. Each nuclear capable unit must complete all nuclear level tasks. During the 50 continuous hours of field operations required, a unit must conduct a minimum of five tactical moves of at least 5 kilometers each. Two of these moves must be conducted at night. Twenty-five ARNG battalions were evaluated and the results were impressive. With a standard of 80 percent, the ARNG artillery battalions averaged 95.6 percent. Two units had perfect scores and only two scored below 90 percent. The remainder of the ARNG nuclear-capable artillery battalions will be administered this evaluation, required every three years, during FY84 and FY85.

The AC/RC Partnership Program pairs the major combat units of the ARNG with similar Active Component units for training support, evaluation, and assistance. This program was initially funded in FY82 and has expanded to a \$2.9 million program for FY85. It provides vital training assistance to ARNG combat units which comprise almost half of the wartime fighting strength of the Total Army Force. Another key result of this program has been support for the ARNG force modernization process.

The Army CAPSTONE program aligns Active Component and Reserve Component units based on wartime requirements and allows units to plan and train for their wartime mission during peacetime. The initial CAPSTONE alignments were developed for Europe and have subsequently been expanded to include the Pacific and the rapid deployment force (RDF). As relationships have solidified, senior CAPSTONE headquarters are providing subordinate units mission planning and training guidance. The FY85 budget provides funding to support attendance by ARNG commanders at conferences with CAPSTONE aligned units to exchange information and refine operation plans.

ARNG participation in exercises serves as a prime means of accomplishing much needed combined arms training and exercising mobilization plans and provides units with training opportunities that are not normally available in the yearly training program. ARNG units are selected to participate based upon their contingency mission (CAPSTONE alignment). Greater emphasis is being placed upon ARNG unit participation to fully evaluate a given operation plan. Involvement in exercises has increased dramatically since FY81 when 68 units and unit cells participated. During FY83, 185 units and unit cells participated in exercises to include deployment of a battalion task force with its equipment to Italy for Display Determination 83. In addition, the ARNG deployed a complete armor battalion to Europe which drew POMCUS equipment and participated in REFORGER 83. Plans have not yet been finalized regarding ARNG exercise participation in FY84 and FY85, but more units and unit cells will likely be involved than in previous years.

Overseas deployment training (ODT) provides high priority ARNG units the opportunity to train in their contingency area with their wartime gaining command. The current ODT program began in 1976 with six ARNG units participating. Participation increased to 221 units and unit cells in FY83 with a further increase to 407 units and unit cells in FY84 and 483 units and unit cells in FY85.

Since 1981, the Battalion Training Management System (BTMS) has been in a sustainment mode, ensuring institutionalization of training management in all

aspects of the Total Army Force training system. The BTMS goal is to ensure that all organizational levels, from squad to battalion, are trained to effectively plan, conduct and manage new training to include the understanding and use of training support materials. The Army's training management doctrine has been incorporated into all levels of the ARNG school system. An analysis provided by FORSCOM based on data contained in the annual training (AT) evaluation reports of Reserve Component units reported a positive correlation between BTMS and "overall AT performance" for company-sized units, underscoring the value of BTMS in developing junior leaders. Statistically, BTMS was the most significant factor influencing overall AT performance. Units which scored well in BTMS performed well overall.

The ARNG has embarked on a program that will improve the educational qualification of the AGR force and the M-Day force. To assist in attaining the required training standards, all AGR officers and NCOs are to receive resident training at Active Component schools. The intent is to have ARNG AGR personnel trained to the very highest level possible. By receiving the very best training available, these ARNG trainers will be better able to assist unit commanders with training of the M-Day force and to make optimal use of the limited training time available. M-Day personnel are also encouraged to attend Active Component schools to improve their military skills when attendance at such schools can be worked out with employers. Side benefits of such training sometimes result in improved ability to perform in their civilian jobs as well.

Conduct of training for NCOs in the ARNG today is designed to provide the NCO with the knowledge and skills necessary to lead, fight, and survive on a modern battlefield. The key to battlefield mission success rests heavily on a well trained NCO force. The training benefits realized are that all phases of readiness, including training, mobilization and capability to defeat threat forces will be enhanced when leadership skills are improved at all levels of supervision. In 1977, the ARNG instituted an NCO education system. In FY80, a formalized NCO training program approved by Training and Doctrine Command, the Reserve Component Noncommissioned Officer Education System (RCNCOES), was begun, graduating 7,000 students from courses designed for all NCO levels. Participation in RCNCOES programs has increased to the point that 30,000 students are expected to graduate in FY85 with \$13.0 million budgeted for the program. Commanders and senior NCOs have stated that significant contributions have been made to the ARNG overall readiness posture as a result of RCNCOES programs.

Initiated in FY81 as a \$3.0 million program, the Key Personnel Upgrade Program (KPUP) is budgeted for \$13.3 million in FY85. The purpose of KPUP is to further develop key personnel in ARNG units through direct association with their Active Component counterparts during tactical training exercises. Initially participation in KPUP was restricted to personnel in selected units but in FY82, participation was opened to personnel from all ARNG units. During FY83, ARNG personnel participated for the first time in REFORGER 83 with Active Component units currently deployed in Europe and also participated in tactical training at the NTC. These and other on-going KPUP initiatives will further increase the utility of this program which has become vital to the training readiness of the ARNG.

The Army's Individual Training and Evaluation Program (ITEP) was implemented Army-wide in FY83 as a successor to the Skill Qualification

Training (SQT) program. While offering many refinements, a key feature is that it is a program which can be fully executed. Initially funded in FY82, ITEP has not expanded significantly due to many changes. Management improvements and the advent of ITEP, however, are expected to generate full participation. ITEP will be a key feature in the ARNG program to increase MOS qualification.

Training ammunition authorizations in FY84 for the ARNG are 76 percent of requirements (\$167 million), a 24 percent increase over the FY83 requirements level. Increases in training unique and pyrotechnic munitions will afford ARNG commanders opportunities to plan for and execute training programs so readiness may be improved. Training with MILES is now being supported at a limited level due to the constrained authorizations of blanks and simulators. Large caliber high cost munitions continue to be authorized at minimum levels which constrain or preclude reprogramming of training not accomplished to standards. This restricts a commander's capability to effect performance oriented training and BTMS techniques.

The availability and effective use of training devices continues to be extremely critical to the ARNG. With limited training time and limited access to optimal training sites, use of training devices and simulators is essential for the attainment and sustainment of individual/unit proficiency at the unit armory. As a result of emergent technology, future training devices may be utilized in lieu of high cost munitions. The initial cost of training devices will be high but long term benefits over will far outweigh those initial outlays. Procurement of MILES equipment for the ARNG in FY84 will have a positive impact on training. However, limited resources exist to address ARNG requirements and shortfalls remain.

The modern weapons coming into the Army inventory are far superior in distance, accuracy, and destructive power compared to the weapons being replaced. Modernization of ARNG local training areas and ranges needs to be accelerated to keep pace with distribution of modern high technology weapon systems to the ARNG. Ranges need to be enlarged and designed for multiple purpose use to accommodate introduction of sophisticated training devices such as lasers, simulators and modern target systems. Additional resources are required to support improvements in training sites and ranges if ARNG units are to meet critical training requirements for pre-mobilization as well as post-mobilization.

Over 30 percent of the Total Army Force's combat aviation assets exist in the ARNG. ARNG aviators are required to meet the same minimum annual flying requirements and standards as their active counterparts. The challenge to ARNG aviation in the 1980s is to meet the individual and crew requirements identified by the Aircrew Training Program and also to train as an element of the combined arms team. To help alleviate this increased training workload and allow aviation units to concentrate on unit and combined arms training, an ARNG Aviation Training Site (AATS) Program was developed. The program was designed to complement current aviation training efforts. The Eastern AATS (EAATS), the first of two AATS, became fully operational during FY83. Its mission is to conduct ARNG individual aviation qualification training not provided by the US Army Aviation Center, but essential to the readiness of ARNG units. The EAATS program will provide post graduate flight training for over 500 aviators per year. The Western AATS is scheduled to be operational

during FY87 with its primary mission of supplementing unit tactical training requirements with emphasis on aerial gunnery and attack team training.

The ARNG has experienced an increase in Undergraduate Pilot Training (UPT) quotas from 140 in FY82 to 224 in FY83. The ARNG utilized all UPT quotas during FY83. These quotas will increase during the 1980s and will eventually provide an output of 250 ARNG aviators year per by FY89. The ARNG has seen positive results over the past 2 years since imposing a restriction of 27 1/2 years of age to apply for Initial Entry Flight School. The tradeoff for our highly experienced force of aviators is its steadily increasing average age. The ARNG UPT program is solving the "Aging Aviator" problem and establishes a 20 year life-cycle aviator management program.

In support of vigorous training programs, the ARNG safety/accident prevention efforts are targeted toward the prevention of motor vehicle accidents and personal injuries. Special emphasis countermeasure programs during FY83 impacted on the reduction of both motor vehicle and training accidents. The ARNG motor vehicle accident rate was 2.03 accidents per million miles driven, down from 4.6 in FY82. The FY83 overall accident rate was 1.76 accidents per 200,000 hours of personnel exposure, down from the FY82 rate of 4.2.

The ARNG aviation accident rate in FY83 was 2.00 accidents per 100,000 flying hours, an increase from the FY82 rate of 1.01 which is the lowest rate ever achieved in the ARNG. The FY83 rate compares favorably with a 2.50 aviation rate Army-wide. Aviation safety awareness through better communication with field organizations became a primary goal in FY83. An analysis of the accident experience indicates that human error ranks as the number one factor. To reduce the accident rate, formal safety training and education were emphasized. To fill an obvious void in the safety training system, the ARNG Aviation Mishap Prevention Orientation Course (AMPOC) was developed and taught twice during FY83. AMPOC coupled with an intensive management of available quotas from other sources has paid big dividends in aviation safety awareness. To complement increased awareness, the Regional Accident Prevention Survey Program (RAPS) was totally implemented in FY83. RAPS is a self-help type program to accomplish annual accident prevention surveys of all ARNG aviation facilities. The program creates a network of survey teams that use an ARNG-developed checklist to inspect aviation facilities. All facilities successfully participated in RAPS during FY83.

The National Guard Professional Education Center (PEC) conducted its first course in April, 1975. The purposes of the school are to provide uniform, centralized training for full-time support personnel as it relates to ARNG programs and to increase the capability of those individuals to perform their jobs on a day-to-day basis. Since PEC was established, over 33,000 students have graduated from the school. Among the training offered at PEC are courses for Unit Administrators, Administrative Officers, Operations and Training Readiness Specialists, and Training NCOs. These courses are taught with emphasis on ARNG unique operations, are unavailable anywhere else in the military training arena, provide specialized and very cost effective training, and increase mobilization readiness for the ARNG.

READYING/MOBILIZING THE GUARD

Since FY81, through the first quarter of FY84, ARNG reporting units have increased their combat readiness by 6 percent in training readiness, 2 percent in MOS qualification readiness, and 5 percent in personnel readiness, while equipment on hand readiness was decreasing by 5 percent. To reiterate the problem with regard to equipment, it is not unique to the ARNG but is a basic problem throughout the Total Army Force. In spite of the decrease in equipment on hand readiness, for the third consecutive year, the ARNG has maintained an overall combat readiness rate of over 60 percent for all its reporting units. This accomplishment was achieved during a period of change which uniquely challenged our ability to continue maintaining appropriate force readiness levels. As the Active Army organizes its forces to meet the many worldwide contingencies, the role of the ARNG has increased. More units are being assigned high priority missions and, in some cases, are assigned the requirement to respond to more than one contingency mission. To illustrate the increasingly important role the ARNG has assumed, since FY81 ARNG missions have changed as follows: Intensive Management Force (IMF) units increased from 497 to 1190; units assigned to the RDF have increased five times; Prepositioning of Materiel Configured to Unit Sets (POMCUS) units decreased from 21 to 12 although POMCUS Back-up Forces increased from 6 to 26; Quick Fix Force units increased from 105 to 152; and D to D+30 units increased from 119 to 210. As the review of Active Component missions which could be transferred to the ARNG continues and worldwide contingency needs increase, it can only be assumed that the ARNG's role in the assumption of high priority missions will expand.

The ARNG conducts mobilization exercises to evaluate the ability of units to meet their deployment objectives. Evaluations were conducted for 46 percent of the units selected for ODT in FY82. In FY84 the goal is 100 percent. That goal should be achievable and has been reestablished for FY85. In FY82, a program was begun to evaluate all IMF units over a five year period and every three years thereafter. While several DA actions caused the IMF to expand, the program is on target. Approximately 250 exercises were conducted in FY83 with a budget of \$9.0 million. In FY84 over 300 exercises will be conducted and over 350 exercises are planned for FY85 at a cost of \$10.7 million. These exercises focus on the immediate postmobilization tasks to be accomplished by ARNG units and STARCs. In FY85, 54 STARCs and over 80 percent of ARNG units will participate in a worldwide Joint Chiefs of Staff mobilization exercise. This exercise will provide the opportunity to examine further the mobilization preparedness of the ARNG and, more specifically, the effectiveness of the ARNG exercise program. Although the current program is considered a success, funding is available only for early deploying units. Resources are not provided for evaluating over 60 percent of the ARNG combat divisions, 50 percent of the separate brigades, and 100 percent of the armored cavalry regiments.

Several mobilization initiatives were begun by states during FY83 which have nationwide implications. One of these involved a mobilization exercise which included the rail movement of 145 M48A5 and M60 tanks. The exercise which was planned and conducted by the Nebraska STARC involved complex coordination between several government agencies including DoD, Military Traffic Management Command, and Anniston Army Depot. This unique approach provided vital training for ARNG members and staffs and resulted in a savings of approximately \$400,000 over conventional methods.

SUMMARY

The unstable situation that exists in the world today requires that the ARNG be ready for mobilization at any time. When called upon by the American people to assist in the defense of this country, there will be little time available for training and equipping the force. We have made progress in the past few years and are determined to do our jobs better. We appreciate the effort and concern of Congress in providing the support required by the ARNG to accomplish its mission. Ours is a mutual task.

BUDGET OVERVIEW
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The Operation and Maintenance, Army National Guard appropriation request has been carefully developed to provide balanced operations, logistics, and administrative support to Army National Guard (ARNG) units. This support is provided through military technician pay, training operations, stock fund supplies/equipment, fuel, equipment maintenance, facility maintenance, headquarters operations, recruiting operations and medical services. Operation and Maintenance, Army National Guard finances all costs, except military pay, for operating and maintaining the Army National Guard. The FY 1985 request provides for the training and operational support of an end strength of 447,283 ARNG personnel. Included in the \$1,404.6 million budget estimate is \$675.9 million for pay and benefits of civilian personnel, \$728.7 million for the operation/maintenance/ repair of over 3,458 company size units and 2,109 separate facilities/activities.

The FY 1985 request of \$1,404.6 billion includes cost growth of \$51.6 million and program growth of \$165.6 million. The program growth of \$165.6 million results from requirements to operate and maintain new equipment to be introduced into the Guard in FY 1985 including the Heavy Expanded Mobile Tactical Truck (HEMTT); the Fire Support Vehicle (FISTV); the TOW-2 missile; and the High Mobility Multi-purpose Wheeled Vehicle (HMMWV); to support and train an additional 4,332 paid drill and 9,951 Active Guard and Reserve (AGR) strength; and to provide continued support for expansion of a 9th division introduced in FY 1984.

Details of the major budget activity groups are included in the following paragraphs.

TRAINING OPERATIONS

This activity group provides training support of ARNG units to ensure that ARNG forces are combat ready for mobilization. It provides funds for the pay of full-time military technicians assigned to ARNG units, training aids and devices, inactive duty training travel, and technician school tuition and travel. This funding supports the needs of 3,458 company-size units located throughout the 50 States, Puerto Rico, Guam, the Virgin Islands, and the District of Columbia.

The FY 1985 request includes cost growth of \$5.0 million including \$4.8 million for the annualization of the FY 1984 civilian pay raise and new program growth of \$.5 million. Program growth reflects increases for training support of paid strength increase of 14,283.

LOGISTICAL SUPPORT

Logistical support provides resources for ARNG units to meet readiness objectives and the overall mission of ensuring combat readiness at mobilization. It provides funds for the compensation of full-time logistical support technicians, procurement of stock-funded clothing and equipment items, procurement of repair parts for surface and aviation equipment, fuel for

surface and aviation equipment, equipment transportation charges, and commercial communications support.

The FY 1985 request contains cost growth of \$34.0 million of which \$12.6 million supports the annualization of the FY 1984 civilian pay raise, and program growth of \$103.7 million. Program growth includes \$11.9 million for organizational clothing and equipment to support FY 1985 paid strength increase of 14,283 members; \$64.2 million for repair parts to support requirements of 47 new systems acquired to date; \$17.1 million for 590 technician manyears to support end strength authorization; and \$14.2 million to support increased fuel, transportation, communications, technician travel, and inactive duty/annual training local procurement requirements resulting from strength increase (new units), new systems and improved readiness requirements. As a result of the increasing size of the ARNG force, new equipment being introduced and new requirements, the OCE backlog continues to grow. Even with increased program growth over FY 84 levels, the FY 85 budget for OCE of \$126.5 million will not alleviate the shortfall which will be \$571.5 million. The repair parts backlog is reduced in FY85; but because of reduced funding in FY 84, the FY 85 backlog will be \$91.6 million which is \$19.4 million more than the FY 83 backlog.

BASE OPERATIONS

Base operations provides for the operations, maintenance, and repair costs associated with state-operated training and logistical facilities, federally controlled armories, aviation facilities, and United States Property and Fiscal Office (USPFOs) installations. In addition, funds are provided to the Army for the opening, operating, and closing costs for use of Active Army training sites by the ARNG.

The FY 85 request of \$121.7 million includes cost growth of \$4.5 million and program growth of \$23.9 million. There is \$4.3 million for facility lease cost for approximately 75 facilities (armories, warehouses, maintenance and aviation supply buildings) to support Force Structure increases during the time that new facilities are being constructed; \$13.6 million to support force structure changes and new systems requiring the modification, modernization, upgrading and expansion of facilities; \$9.0 million for the maintenance and repair of facilities including Backlog of Maintenance and Repair (BMAR); \$1.5 million for Division 86 requirements including the expansion of existing facilities and increased use of training sites. The FY 85 budget request for maintenance and repair will reduce the BMAR to \$58.0 million.

DEPOT MAINTENANCE

This activity group provides for the major overhaul of aircraft, surface vehicles and equipment beyond the capability of the States to perform. Depot level maintenance is performed by the Army Industrial Fund and by contract. Aircraft depot maintenance requirements are determined in accordance with inspection criteria of the Army Aviation Command. Surface vehicle and equipment depot maintenance requirements are determined in accordance with Army standards and standardization requirements.

The FY 1985 request includes cost growth of \$4.3 million and program growth of \$23 million. Program growth provides for the maintenance of

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equipment assets required for training that must be on-hand and serviceable prior to the deployment of ARNG units in the event of mobilization. The FY 1985 Depot Maintenance Program is oriented to the support of assigned missions and programed readiness objectives. In an effort to reduce transportation costs and increase equipment availability, the ARNG has taken the initiative to combine depot rebuild with required equipment conversions.

RECRUITING SUPPORT

This activity group provides funds necessary to recruit new personnel and retain current Guardsmen. Funds are provided for the production and distribution of Command Information Material, production of television and radio public service announcements, production and printing of recruiting and retention materials, and production of magazine and newspaper advertisements. In addition, funds are included for support costs incurred by the recruiting and retention force of 2,926 full-time military personnel, an increase of 202 (103 recruiter and 99 retention personnel) over FY 84. The recruited to recruiter ratio for the ARNG in FY 85 is 57 to 1 compared to 30 to 1 for USAREC.

The FY 1985 Recruiting and Advertising activity increases \$12.9 million over FY 1984 and includes a functional transfer of communications, leased vehicles and personnel which had been previously funded elsewhere in the budget. The ARNG advertising objective is to support the full-time recruiting/retention force with an intensive advertising campaign to maintain public interest and support of the ARNG. The capability of the ARNG to attain the budgeted FY 1985 paid strength increase of 14,283 members is contingent upon the effectiveness of operations provided for in this activity group.

MEDICAL SUPPORT

This budget activity provides for the local procurement of medical supplies required for emergencies; emergency medical care at non-Federal hospitals for ARNG members injured while participating in training; initial and periodical physical examination at non-Federal facilities when Government facilities are not available; and for immunizations and replacement of spectacles, dentures, and prosthetic devices when damaged as a result of participation in authorized training.

The FY 85 estimate of \$12.9 million includes cost growth of \$0.5 million and program growth of \$2.1 million required to support paid drill strength increases of 4,332, and provide medical entitlements for an increase of 9,951 full-time military members.

HEADQUARTERS AND COMMAND SUPPORT

The headquarters and command support portion of the budget provides for the pay and benefits of civilian employees assigned to the National Guard Bureau, the National Guard Computer Center, the National Guard Personnel Center, the Army National Guard Operating Activity Center, and ARNG technicians assigned to State Headquarters Activities. Also included in the operational costs for these activities are supplies, travel and per diem,

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publications, equipment, and Federal Employees Compensation Act payments to employees of the Army National Guard.

The FY 1985 request includes cost growth of \$2.5 million including \$1.6 million for annualization of the FY 1984 civilian pay raise and program growth of \$12.1 million. Included in this growth are funds for printing and reproduction costs to support paid strength increases with manuals and technical publications for training, and for technical and maintenance training manuals in support of new equipment entering the ARNG inventory. Other cost growth supports travel and training costs of civilian personnel, rental of computers and ancillary equipment, maintenance and services, communications, and continued purchase and fielding of equipment in the States to achieve a total automated interface of the ARNG Standard Installation/Division Personnel System (SIDPERS) with the Active Army. The SIDPERS-ARNG system will provide standardized data which will permit interface with Active Army and Army Reserve automated management information systems. This standardization will greatly broaden the management information available to support rapid mobilization, force structure objectives, maintenance of and projections for manning the ARNG, statistical input for logistical funding and readiness, and provide the operations and training information required to meet mission requirements.

1954

ARMY NATIONAL GUARD BUDGET

NATIONAL GUARD PERSONNEL, ARMY

The FY 85 National Guard Personnel, Army (NGPA) budget request of \$3,075 million provides pay and related expenses for Army National Guard personnel. Table 1 shows Army National Guard personnel strengths. Table 2 shows the NGPA budget categories. The FY 85 request supports a 447,283 personnel end strength or a 3.3% increase over FY 84. Funding includes a recruiting objective of 63,000 Non-Prior Service (NPS) personnel for initial active duty training and 47,000 Prior Service (PS) personnel for a total recruiting objective of 110,000 accessions in FY 85. The full time Active Guard/Reserve (AGR) support force increases to 26,583 (9,951 over FY 84). Funding for National Guard personnel supports increases in Schools and Special Training (\$31 million), AGR support (\$194 million), extra week of annual training, additional training assemblies and an increase in strength of Pay Group A/P (\$50 million). The Incentive Program, which provides enlistment and reenlistment bonuses and educational assistance, amounts to \$59 million. Pay Group F, which provides for initial active duty training, is increased by \$33 million to provide costs associated with training NPS accessions. The FY 85 request includes \$828 million for ARNG retired pay accrual.

TABLE 1

	<u>US Army National Guard</u> <u>(End Strength)</u>		
	<u>FY 83</u> <u>ACTUAL</u>	<u>FY 84</u> <u>ESTIMATE</u>	<u>FY 85</u> <u>REQUEST</u>
Pay Group A	377,486	386,315	389,773
Pay Group F	15,515	19,617	20,491
Pay Group P	10,420	10,436	10,436
Full-Time Active Duty	<u>13,757</u>	<u>16,632</u>	<u>26,583</u>
Total	417,178	433,000	447,283

TABLE 2

	<u>National Guard Personnel, Army</u> <u>(\$ in Millions)</u>		
	<u>FY 83</u> <u>ACTUAL</u>	<u>FY 84</u> <u>ESTIMATE</u>	<u>FY 85</u> <u>REQUEST</u>
Pay Group A/P	996	1,070	1,599
Pay Group F	189	217	326
School Training	69	94	138
Special Training	58	80	122
Administration/Support	<u>361</u>	<u>472</u>	<u>890</u>
Total Program	1,673	1,933	3,075
Retired Pay Accrual	-	-	- 828
Total Excluding Retired Pay Accrual	1,673	1,933	2,247

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The funding categories of the FY 85 Operation and Maintenance, Army National Guard (OMNG) appropriation are shown in Table 3. Real growth in FY 85 is approximately 14 percent and occurs as a result of programed force structure modernization, increased support for modernized systems (87) added to the ARNG equipment inventory since FY 83, and readiness improvements. In addition, this appropriation supports a technician and civilian end strength of 24,563 at a cost of \$675.9 million, which accounts for 48 percent of the total appropriation request.

TABLE 3

Operation and Maintenance, Army National Guard
(\$ in Millions)

	FY 83 <u>ACTUAL</u>	FY 84 <u>ESTIMATE</u>	FY 85 <u>REQUEST</u>
Training Operations	152	154	160
Logistical Support	797	775	911
Base Operations	94	93	122
Depot Maintenance	56	54	82
Headquarters and Command Support	58	74	88
Recruiting	22	27	29
Medical Support	8	10	13
Total Program	1,187	1,187	1,405

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The FY 85 request for Military Construction, Army National Guard provides for 50 major projects. Included in the major projects are 27 armories, 6 aviation facilities, 4 training facilities, 9 equipment maintenance facilities, 3 U. S. property and fiscal office facilities, and one land acquisition. Table 4 displays the MCNG appropriation by major category.

TABLE 4

Military Construction, Army National Guard
(\$ in Millions)

	FY 83 <u>ACTUAL</u>	FY 84 <u>ESTIMATE</u>	FY 85 <u>REQUEST</u>
Armory	23	28	28
Non-Armory	21	29	33
Minor Construction	8	8	19
Planning and Design	3	3	9
Total Program	55	68	89

Senator HUMPHREY. Thank you.
General Mott?

**STATEMENT OF BRIG. GEN. HARRY J. MOTT III, DEPUTY CHIEF,
ARMY RESERVE**

General MOTT. Mr. Chairman, I welcome this opportunity to appear before this committee and on behalf of the Army Reserve thank you for your past and continuing support.

With your permission, I will submit a statement for the record, and make a few comments at this time.

Operation and Maintenance, Army Reserve [OMAR], finances costs of operating and maintaining the U.S. Army Reserve.

The fiscal year 1985 OMAR budget request is \$715.5 million. This represents a \$23.6 million or a 3-percent increase from 1984. In terms of constant dollars, the fiscal year 1985 request is 1 percent below the 1984 level of funding.

Today's Army Reserve consists of more than 510,000 soldiers.

Approximately 256,000 members serve in troop program units constituting 39 percent of the Army's tactical support, 24 percent of general support forces, and 16 percent of the nondivisional combat and special theater forces.

Approximately 20 percent of deployable Army Reserve units would be committed within 30 days of mobilization; 64 percent between mobilization day and M-plus-60; and practically all within 90 days of mobilization.

Among our total mobilization assets are over 246,000 soldiers in the Individual Ready Reserve who constitute a pool of pretrained personnel to serve as fillers, replacements and unit cadre. Within this pretrained force are 8,000 individual mobilization augmentees assigned to Active organizations.

Unit strength has increased steadily since 1978, although it is still about 12,000 personnel short of authorized strength and about 36,000 short of wartime requirements.

The fiscal year 1985 budget provides more than 5,500 additional full-time unit support personnel. Historically, the Army Reserve has had the lowest percentage of full-time support of all Reserve components. Our percentage of full-time personnel is projected to be about 7 percent in fiscal year 1985.

Our readiness is influenced by the amount of authorized equipment we have on hand; 63 percent of our authorized equipment and 50 percent of wartime requirements are on hand. However, it is estimated that the Army Reserve is currently short about \$3.2 billion in wartime equipment authorization or \$2 billion in current peacetime authorizations.

During fiscal years 1983 and 1984 funding for supplies and equipment increased as a result of congressional initiatives. This increase in funding produced an improvement in stock fund clothing and equipment status for early deploying units.

Also, in October 1983 Congress approved a special appropriation of \$15 million for communications equipment.

In addition to these improvements in personnel and equipment, we have also improved in training readiness.

Capstone continues as an important initiative for improving Army Reserve training by alining Reserve component units with their active counterparts, in peacetime, for planned missions in wartime. Simply stated: We train with the units we will fight alongside in combat.

Participation in major exercises represent other important training experience. During fiscal years 1983 and 1984, Army Reserve units were represented in Reforger, Logex, Gallant Eagle, and other joint readiness exercises.

Allied with Capstone is overseas deployment training which provides realistic training and testing of mobilization plans. Elements of 485 Army Reserve units will participate in overseas training in fiscal year 1984 and 648 during fiscal year 1985.

Training is also important for the Individual Ready Reserve for professional military development and to reinforce previously acquired skills. It will receive major emphasis during fiscal year 1985.

Readiness further demands workable mobilization plans—as a consequence of the Mobex series of exercises, mobilization planning in Army Reserve units is receiving particular emphasis through dedicated mobilization planners, and scheduled implementation of major automation programs.

The Army Reserve is proud of its accomplishments in fiscal year 1983. The fiscal year 1985 budget builds upon these accomplishments and insures our ability to mobilize as part of the total Army.

Mr. Chairman, this concludes my statement. I am now prepared to answer your questions.

[The prepared statement of General Mott follows:]

1958

PREPARED STATEMENT BY BRIG. GEN. HARRY J. MOTT III, DEPUTY CHIEF, ARMY
RESERVE, DEPARTMENT OF THE ARMY

Mr. Chairman, Members of the Committee, I welcome this opportunity to report on the status of the United States Army Reserve and its program for Fiscal Year 1985. Your past and continuing support are essential to the progress required by our Total Army.

Introduction

A Commitment to Excellence

A Total Army of excellence is the commitment made by the Secretary of the Army and the Chief of Staff in their statement "The Posture of the Army and the Department of Army Budget Estimates for Fiscal Year 1985." The Army Reserve is an essential element of the Total Army. The initiatives and programs described in the statement by the Secretary and the Chief of Staff places increasing reliance on the Army's Reserve Components. As that statement emphasizes, Army Reserve units no longer deploy or employ "after" Active Component units but "with" them and in many cases "before" some Active Component units. With the support of Congress and our country, the Army Reserve can achieve excellence as part of the total Army. Our nation deserves no less.

Grenada Rescue Operation

Last year the President observed that Reservists must be ready to respond to our nation's need. The recent Grenada rescue operation demonstrated that responsiveness when over 30 members of Army Reserve civil affairs units and one member of the Individual Ready Reserve volunteered for active duty when their expertise was required. They assisted the combat commander in carrying out his legal and humanitarian responsibilities to the civilian population. They assisted in such civil affairs operations as restoration of public facilities, refugee resettlement, public health and other relief activities. Ninety-seven percent of the Army's civil affairs unit structure is in the Army Reserve.

Mission

The mission of the Army Reserve as directed by Congress "is to provide trained units and qualified persons available for active duty in the armed forces, in time of war or national emergency and at such other times as the national security requires..." (Section 262, Title 10, United States Code)

1960

The Army Reserve has made considerable progress in areas of personnel, training, logistics, sustaining the force, and preparation for mobilization. The program for Fiscal Year 1985 is designed to continue that progress toward the Total Army of Excellence which the Secretary of the Army and the Chief of Staff have mandated.

Army Reserve Troop Program Unit missions include combat, combat support, combat service support and general support. In addition to units training to perform wartime missions, the Army Reserve also includes pre-trained individuals in the Individual Ready Reserve. These personnel would provide replacements, fillers and cadre for new units in the event of mobilization.

Types of Army Reserve units and their percentages within the Total Army unit structure and relative contributions to Total Army increments are shown in Figures 1, 2 and 3.

1961

FIGURE 1

Examples of US Army Reserve Units as a Percent of the Total Army Unit Structure (FY 84)*

<u>Type Unit</u>	<u>% of Army Structure</u>
Training Division	100
Training Brigades	100
Military Intelligence (Strategic Research and Analysis)	100
Civil Preparedness Support Detachments	100
Army Reserve Schools	100
Maneuver Area Commands	100
Maneuver Training Commands	100
Railway Units	100
Judge Advocate General Detachments	98
Civil Affairs Units	97
Psychological Operations Units	89
Smoke Generator Companies	78
Quartermaster Petroleum, Oil and Lubricant Supply Companies	67
Quartermaster Petroleum, Oil and Lubricant Operating Companies	45
Army Hospitals	65
Terminal Service/Transfer Companies	61
Services and Supply Capability	59
Conventional Ammunition Companies	51
Chemical Decontamination Companies/ Detachments	46
Watercraft Units	44
Pathfinder Units	55
Army Medical Units (Other)**	41
Combat Support Aviation Companies	38
QM Engineer Water Supply, Well Drilling, Purification Units	36
Major Logistical Units***	31
Truck Companies	30
Non-Divisional Bridge Companies	29
Combat Engineer Battalions	24
Special Forces Groups	22
Maintenance Companies (Direct Support, General Support, Non-Divisional)	24
Separate Combat Brigades	13
Field Artillery Brigades, Headquarters Detachments	9
Field Artillery Battalions**	9
Infantry Battalions**	8
Mechanized Infantry Battalions**	2
Armor Battalions**	2

* Current Structure as of January 1984

** Includes Organic and Separate Elements

*** Theater Army Area Command/Corps Support Command Headquarters Company and Material Management Center

1962

FIGURE 2

US ARMY RESERVE CONTRIBUTION TO TOTAL ARMY (FY 84)

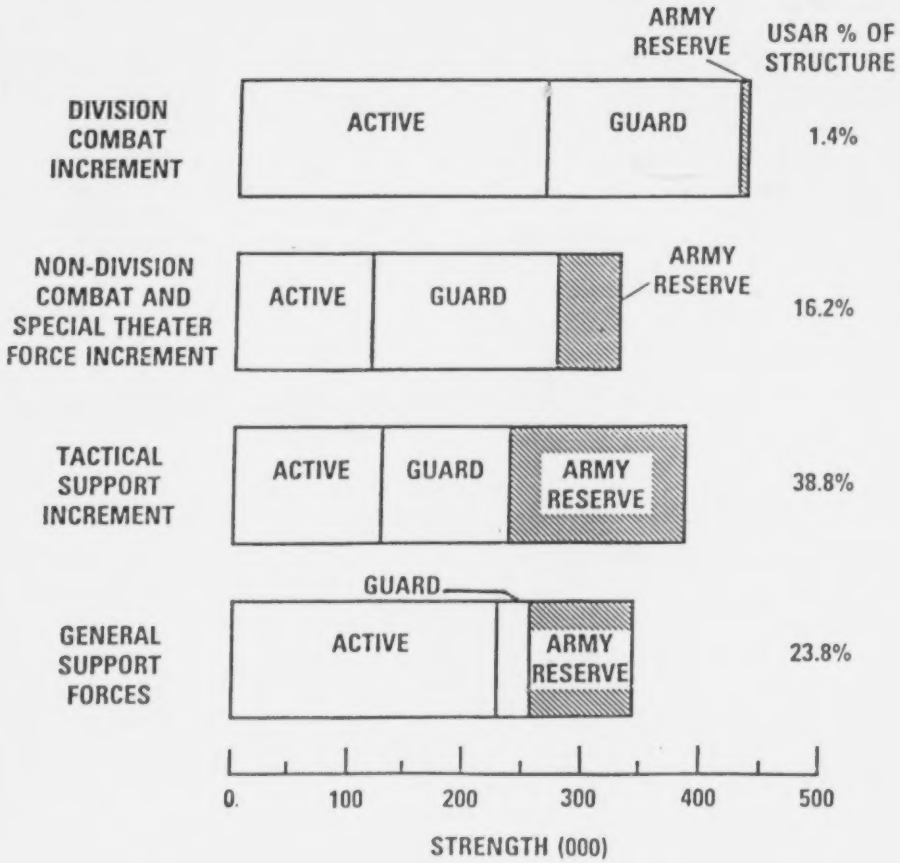
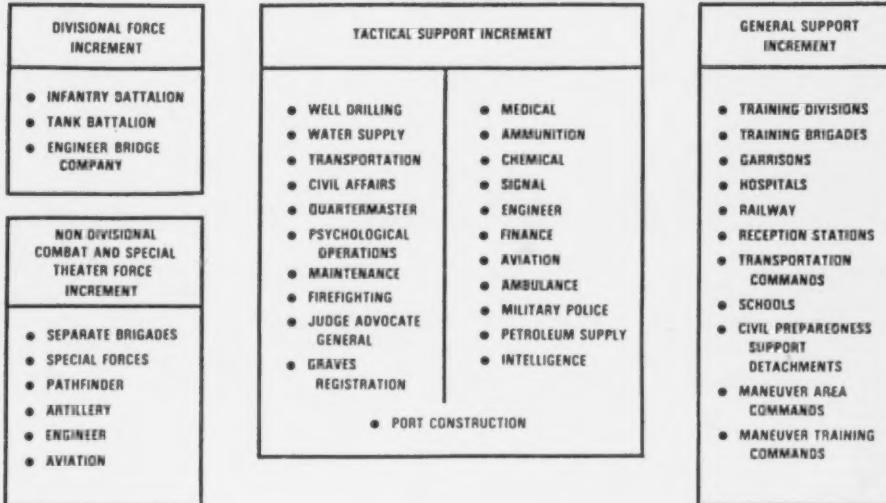


FIGURE 3

TYPE US ARMY RESERVE UNITS



1964

Personnel

Army Reserve Troop Program Unit end strength for Fiscal Year 1983 was 256,600. This represents a 70,000 member increase over the unit end strength reported in 1978.

Although there has been impressive progress in unit strength, the aggregate Army Reserve Troop Program Unit end strength is still short about 12,600 of authorized strength and 36,000 of wartime strength. The budget request for Fiscal Year 1985 supports achievement of at least authorized unit strength.

Personnel readiness of Army Reserve unit operating strength is distorted by the nondeployability of soldiers in the training pipeline. Effective October 1, 1984 a Reserve Component Individual's Account will be established. This personnel account will equate to 10 percent above the peacetime authorized strength of units in the Reserve Component force structure. Currently there are over 30,000 Army Reserve personnel in the training pipeline.

Accessions will continue to emphasize quality. Significant improvement has been made in recruiting high school diploma graduates. In Fiscal Year 1983 79.8 percent of all non-prior service enlistees in the Army Reserve were high school diploma graduates. A reduction in the percentage of non-prior service enlistments of personnel from the lowest test

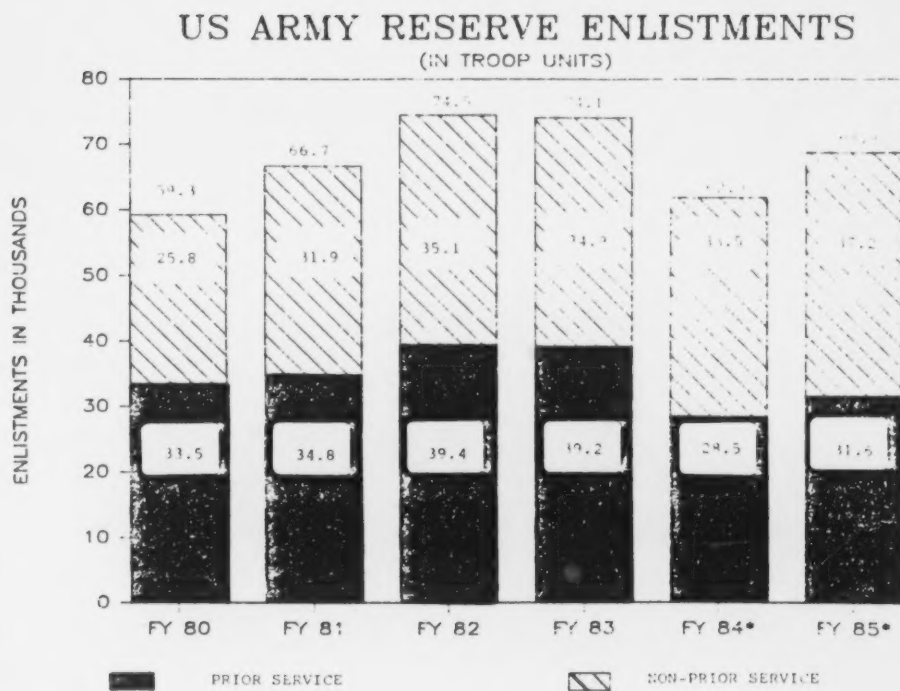
score category was also achieved in Fiscal Year 1983 (15.6 percent Mental Category IV).

Incentive programs work! Army Reserve soldiers were almost evenly divided when exercising their option for a cash bonus or education assistance. These two bonus programs provided 15,523 high quality enlistees during Fiscal Year 1983. Currently, the bonus program is targeted on 1,504 high priority units and many military occupational skills in the combat arms, military police and medical areas.

Army Reserve Troop Program Unit enlistments are shown in figure 4. Fiscal Year 1984 and 1985 are represented by a program number.

1966

FIGURE 4



1967

Significant successes have been achieved in the continued growth of medical professionals in Army Reserve strength. In November 1979, nurse strength was at a 50.4 percent fill. Today it is at 77.4 percent. Medical officer strength has improved from a 29.5 percent fill in July 1980 to 58.6 percent at the end of Fiscal Year 1983. The goal is to continue recruiting qualified, quality health care practitioners, especially in the nurse and medical skills. As an indication of their expertise and willingness to serve, it should be noted that 12 Army Reserve veterinarians volunteered for active duty during the Avian influenza epidemic in December 1983. Their contributions helped stem the tide of the epidemic.

Figures 5 through 11 actively portray the Army Reserve's medical strength from Fiscal Year 1980 through projection in 1984.

FIGURE 5

SELECTED SURGICAL SPECIALTIES

Medical Corps

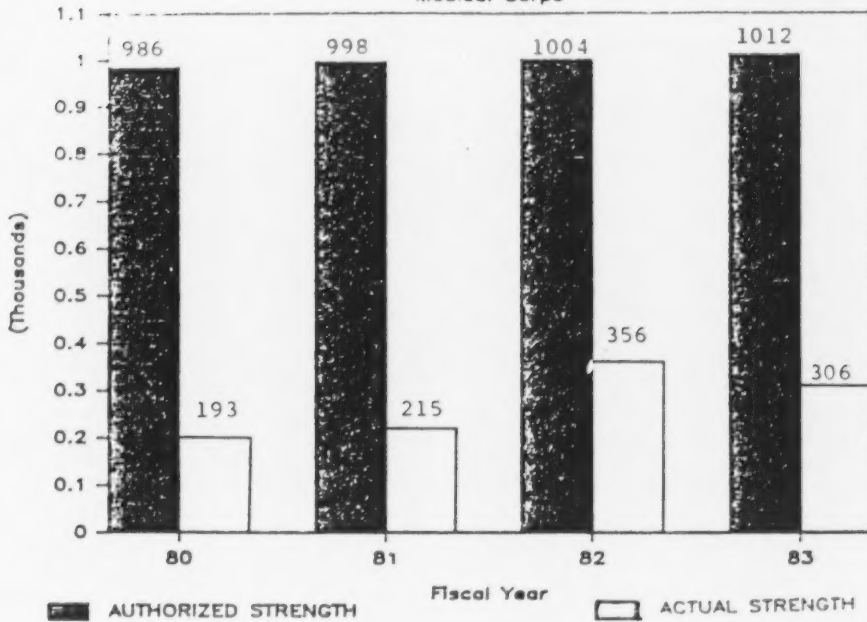
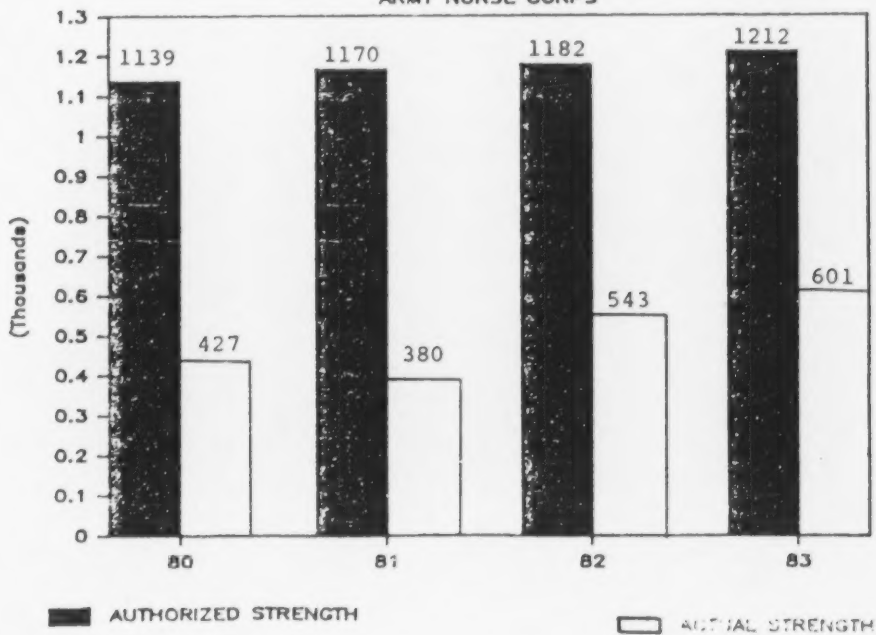


FIGURE 6

SELECTED SURGICAL SPECIALTIES

ARMY NURSE CORPS



1969

FIGURE 7

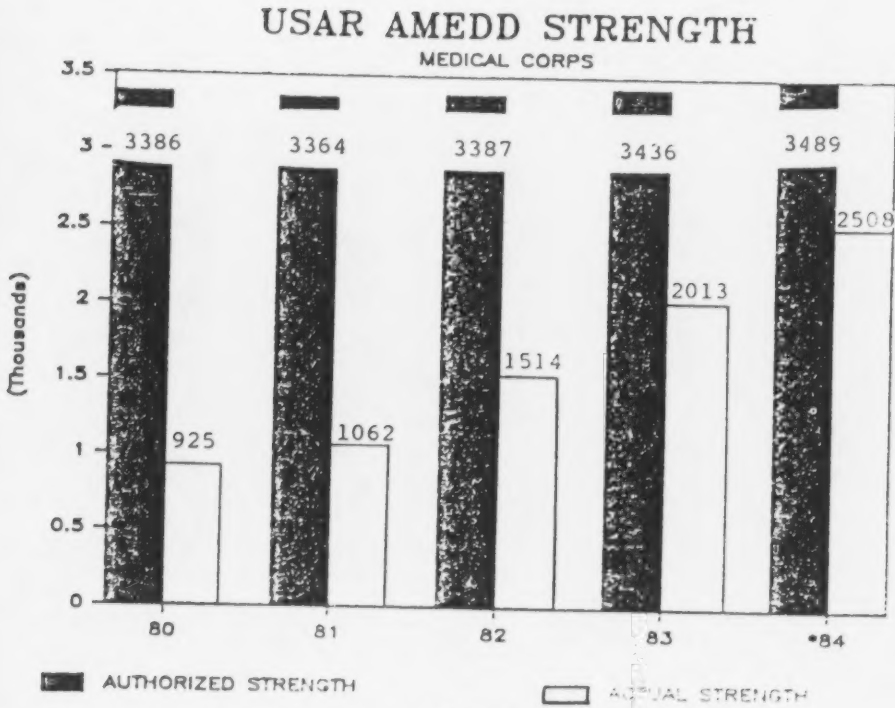
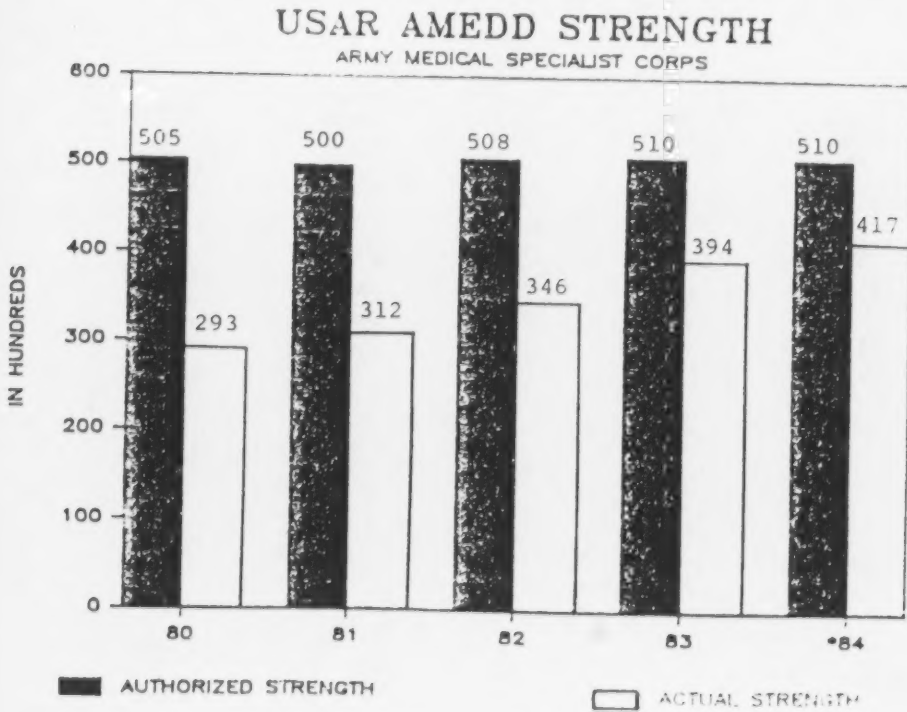


FIGURE 8



1970

FIGURE 9

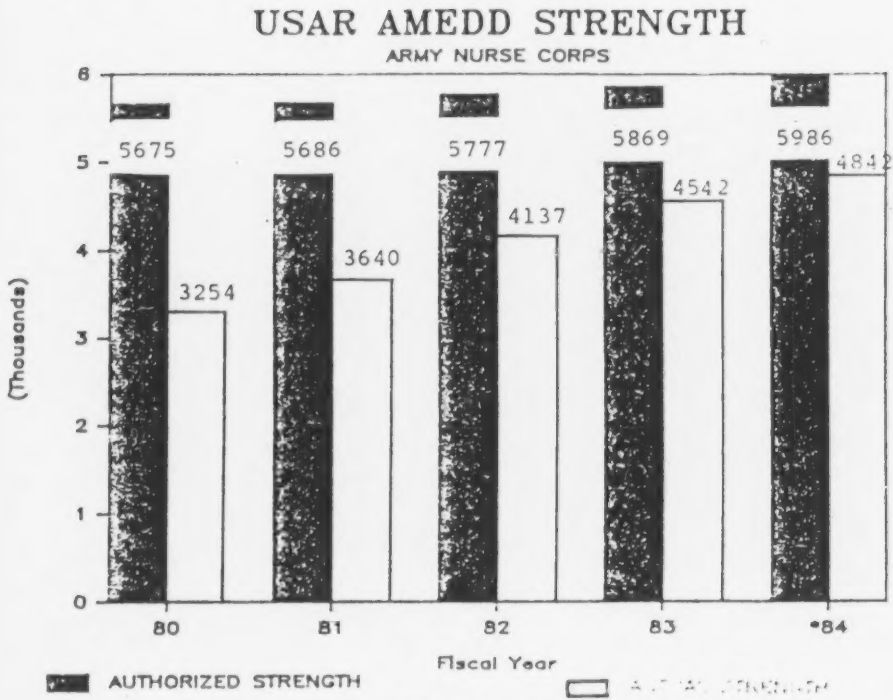
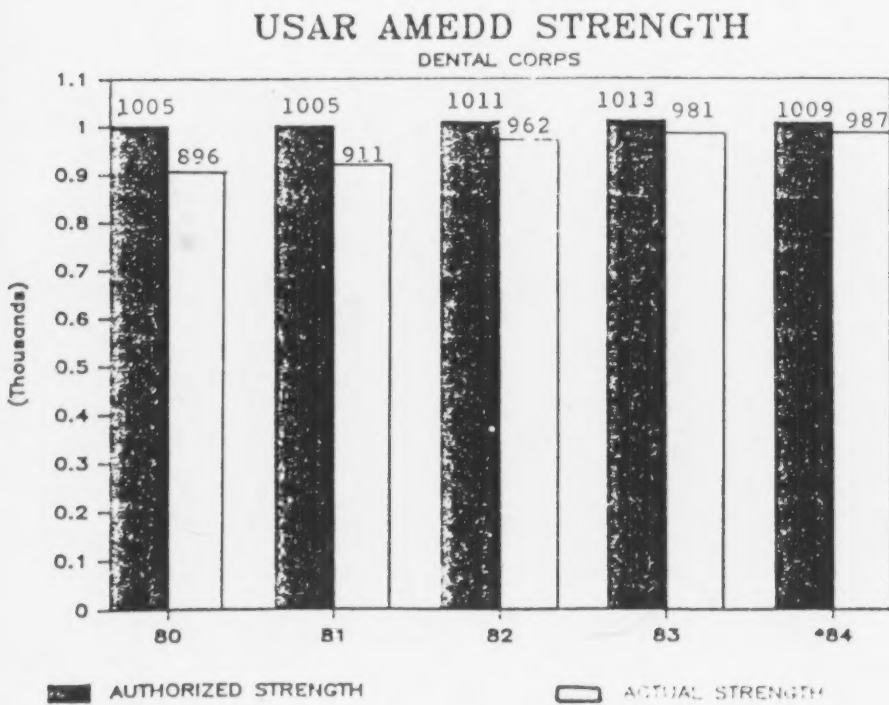


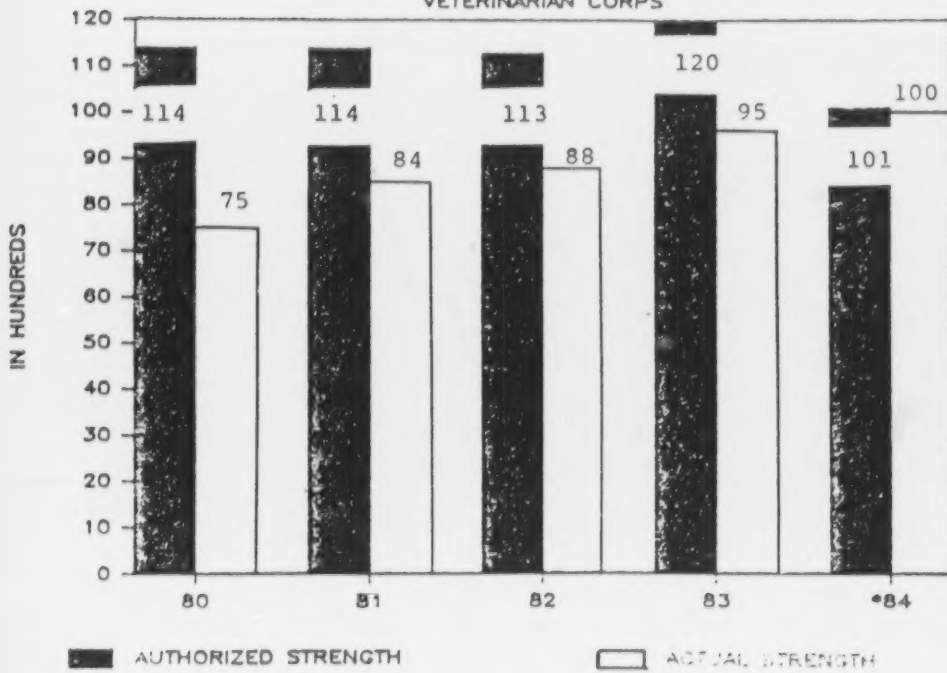
FIGURE 10



1971

FIGURE 11

USAR AMEDD STRENGTH VETERINARIAN CORPS



Women and Minority Representation

Over the past five years, female personnel strength in the Army Reserve has increased by 80 percent. At the end of Fiscal Year 1983 there were 42,000 women in Troop Program Units.

Army policy precludes women from being assigned to units which would expose them to direct combat on a routine basis. Still, female Army Reservists are eligible for assignment to 87 percent of Reserve Troop Program Units. Eighty percent of the enlisted skill areas are available for female participation, and women officers may choose from among 95 percent of the specialty skills available to Army Reserve officers.

Racial minorities are represented by 13.3 percent of the officer force and by 34.5 percent of Army Reserve enlisted personnel.

Figures 12 through 13 provide a graphic portrayal of Army Reserve women and minority representation in the Army Reserve.

1973

FIGURE 12

USAR STRENGTH OFFICER

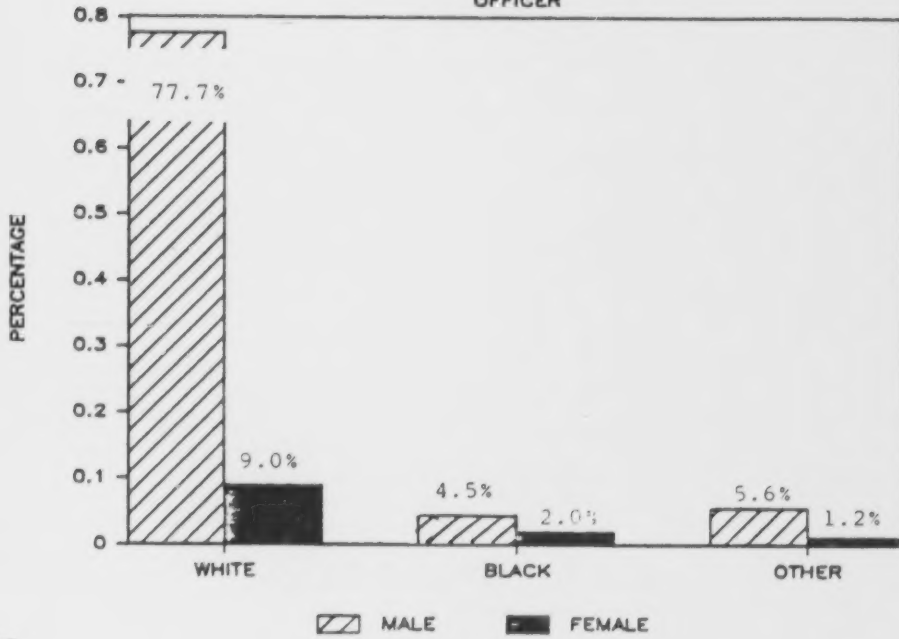
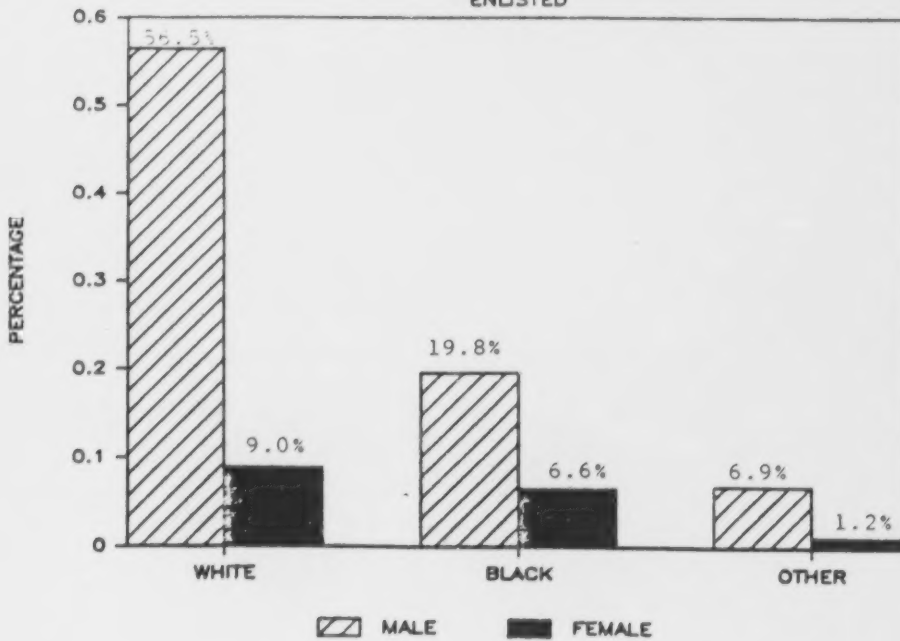


FIGURE 13

USAR STRENGTH ENLISTED



Full-Time Support

A major initiative designed to assist members of Troop Program Units of the Army Reserve achieve their readiness requirements is a programmed increase in full-time unit support. Additional full-time support personnel are vitally needed to assist units in performing training, maintenance, supply, and administrative functions. Historically, the Army Reserve has had the lowest percentage of full-time unit support personnel of the Reserve Components of all services. As an example, in Fiscal Year 1982 the percentage of full-time unit support personnel was four percent. This is projected to increase to seven percent during Fiscal Year 1985. There were 12,197 full-time unit support personnel on duty with Army Reserve units at the end of Fiscal Year 1983. They consisted of full-time Reservists--AGR (4,324), civilian technicians (6,603) and members of the Active Component (1,270). Their numbers will increase to 5,894 AGR and 7,585 civilian technicians during Fiscal Year 1984. The Fiscal Year 1985 budget permits AGR growth in units to 11,415. The Active Component growth in units remains static until Fiscal Year 1985 when it is programmed for a total of 1,120. Civilian technician growth reaches full programmed strength during Fiscal Year 1984. By

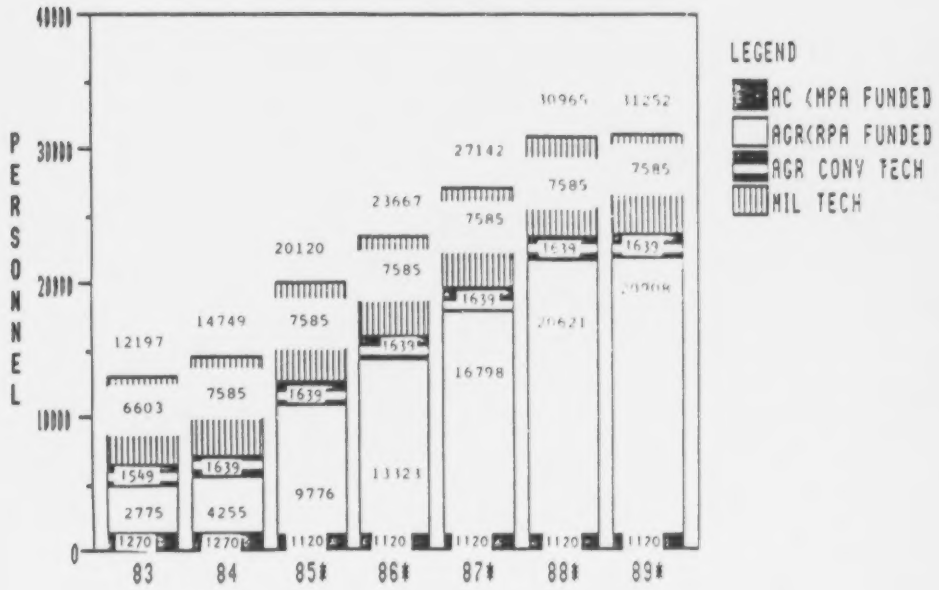
Fiscal Year 1989, approximately 10 percent of the Army Reserve Troop Program Unit personnel will be full-time individuals assisting the drilling Reservists. Qualified personnel are required to fill these AGR and civilian technician positions. Full-time support models, that include component identification, grade level, skill and unit identification code have been developed and are being refined. Evaluation of the models will be completed by 31 August 1984. These models will give a clear rationale for filling full-time positions at the unit level. The increased number of civilian technicians authorized by the Congress for Fiscal Year 1984 will be hired in jobs consistent with the requirements of the units or organizations they support. Proposed legislation to allow excepted service for civilian technicians in the Army Reserve, modeled after the Army National Guard experience, is being prepared for submission to the Congress.

Figure 14 provides the full-time unit support number in US Army Reserve units for Fiscal Year 1983 and indicates projected figures for Fiscal Year 1984 through 1989.

1976

FIGURE 14

US ARMY RESERVE FULL-TIME UNIT SUPPORT



1977

Individual Mobilization Augmentees

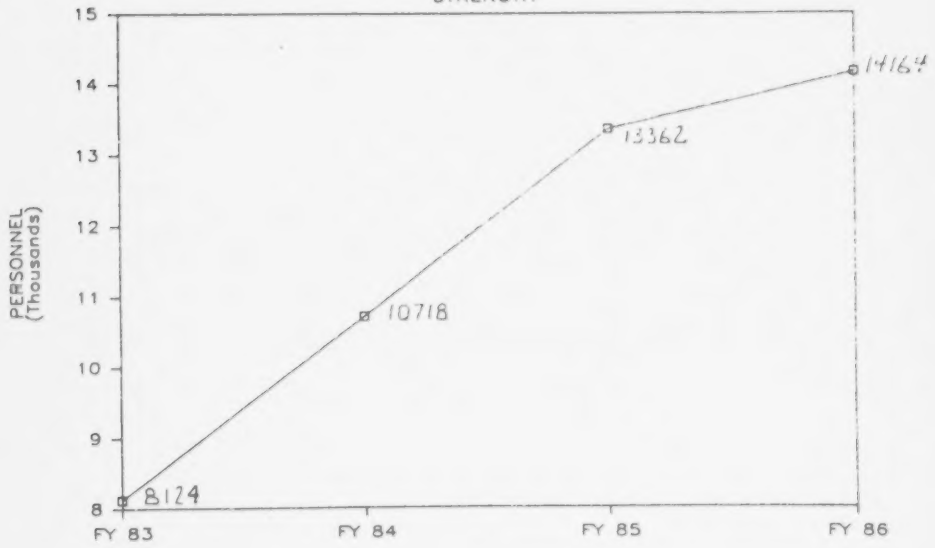
Individual Mobilization Augmentees are Reservists assigned to active component wartime positions. As members of the Selected Reserve, these Reservists are subject to the President's authority to call up 100,000 Reserve Component members. Programmed end strength of Individual Mobilization Augmentees will climb to 14,164 by Fiscal Year 1986.

Figure 15 expresses the Individual Mobilization Augmentee strength at the end of Fiscal Year 1983 and projects strength through Fiscal Year 1986.

1978

FIGURE 15

INDIVIDUAL MOBILIZATION AUGMENTEES
STRENGTH



Individual Ready Reserve

Members of the Individual Ready Reserve (IRR) are the pretrained personnel pool the Army relies upon for replacements, fillers and new units upon mobilization. Support to strengthen the IRR was provided in the Fiscal Year 1984 Authorization Act when the services were given authorization to extend the mandatory service obligation from six to eight years beginning with Calendar Year 1984 enlistments. Eventually, these additional two years will provide substantial personnel assets toward mobilization manpower readiness.

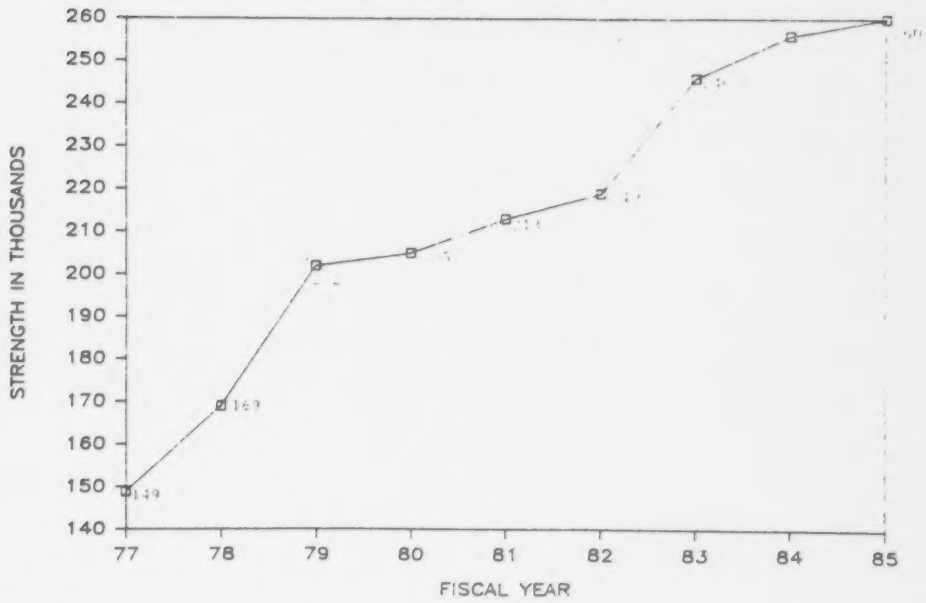
The newly authorized IRR Enlistment and Reenlistment Bonus Program should result in some strength increases in the IRR. Projections indicate that the reenlistment bonus alone could attract an additional 43,500 reenlistees by Fiscal Year 1990. Funding for the IRR reenlistment bonus requires reprogramming of funds during the current Fiscal Year. No appropriation or similar reprogramming was made for the IRR initial enlistment bonus in Fiscal Year 1984.

Figure 16 displays the low point of Individual Ready Reserve strength, the actual successful strength building years through Fiscal Year 1983, and the projected strength in Fiscal Years 1984 and 1985.

1980

FIGURE 16

INDIVIDUAL READY RESERVE STRENGTH



Army Reserve Personnel Center (ARPERCEN)

The Chief, Army Reserve is, by statute, the advisor to the Chief of Staff for matters pertaining to the development, readiness and maintenance of the Army Reserve. He has staff responsibility for participating with other Army staff agencies in the formulation and development of Department of the Army policies for development and maintenance of the Army Reserve, and serves as Appropriations Director of Reserve Personnel Army, Operations and Maintenance Army Reserve, and Military Construction Army Reserve.

On February 3, 1984, the Army Reserve Personnel Center (ARPERCEN) was activated as a field operating agency of the Office, Chief Army Reserve. This agency will enhance the executive role of the Chief, Army Reserve through increased responsibility for the management of the Individual Ready Reserve, Individual Mobilization Augmentees and Army Reserve Active Guard/Reserve (AGR) personnel. Responsibility for ARPERCEN charges the Chief, Army Reserve to: manage the professional career development of all Army Reserve members; provide a trained IRR force in support of Total Army mobilization requirements and other crises conditions; exercise command and control of the IRR and Standby Reserve; and administer the Army Reserve AGR and IMA programs.

1982

Training

Realistic mission oriented unit training is the amalgam between soldiers and equipment that results in readiness. It is reinforced by individual military occupational specialty training and professional development education.

Army Reserve unit training is the responsibility of the Commanding General, Forces Command (FORSCOM) and of the major oversea commanders for the Army Reserve units stationed in their geographical area of responsibility.

CAPSTONE

The FORSCOM CAPSTONE program has contributed to improved unit training. Under this program every unit is being aligned with units in the Active and Reserve Components with which it is likely to be deployed or to support in wartime. This permits soldiers who may fight together to focus peacetime training on wartime missions. It also results in improved mobilization planning and execution.

The CAPSTONE program integrates units of all components by operational plan and consists of four alignment packages: Europe, Pacific, Central Command (Rapid Deployment Force-Army) and CONUS Base. Updated annually, CAPSTONE permits Army Reserve units to focus training on wartime missions and conduct mobilization planning.

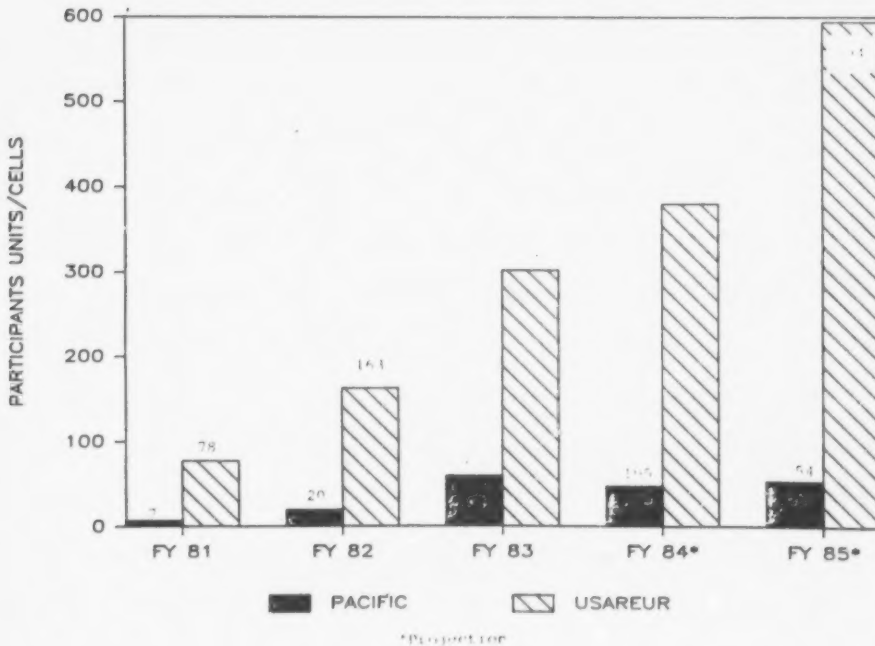
Overseas Deployment Training

An integral part of the CAPSTONE Program is Overseas Deployment Training. Since 1976 Army Reserve training overseas has increased twenty-fold. One-third of high priority units participate in this training each year.

US Army Reserve overseas deployment training is shown in Figure 17. Fiscal Years 1981 through 1983 are actual participating units or cells and Fiscal Years 1984 and 1985 represent a projection.

FIGURE 17

USAR OVERSEAS DEPLOYMENT TRAINING



1984

Major Training Exercises

An important training vehicle for Army Reserve units and personnel is the the participation in major joint readiness exercises. Army Reserve units annually participate in five separate U. S. Army Europe exercises, one in Iceland, and three others in Korea or Japan. Additionally, there are three CAPSTONE exercises within the continental United States that permit mission training participation by either Theater or Corps Support Command units.

Training Devices

Skill qualification and readiness training can be further enhanced by increased use of training devices and simulators which permit cost effective training. Devices such as the Multiple Laser Engagement System (MILES), Weaponeer rifle marksmanship devices and videodisc gunnery trainers will help to maintain realism and increase combat efficiency. During Fiscal Years 1984 and 1985 the Army Reserve and National Guard are scheduled to receive 55 sets of MILES for distribution to 30 reserve component training sites. These 55 sets will cost \$33 million and provide realistic training opportunities for Reserve Component

1985

units. By the beginning of Fiscal Year 1986, 24 Weaponeer devices will have been delivered to Army Reserve separate infantry brigades, training divisions, and Army Reserve commands at a cost of \$1.25 million. State of the art training device technology can make possible relatively inexpensive simulation, substitution, or miniaturization. Increased use of these systems will reduce ammunition consumption and permit maintenance of established standards of proficiency.

New Equipment Training

Training requirements expand as new or redistributed equipment comes into the Army Reserve inventory. Two hundred new items are scheduled to be received during Fiscal Year 1986 through Fiscal Year 1990. Training must begin prior to equipment arrival. To effect a smooth transition, training support items and school quota projections are being made.

MOS Qualification Training

Individually, approximately 70 percent of unit enlisted personnel are MOS qualified. Ten percent are in or awaiting their MOS qualification training. The other 20 percent are not fully qualified in the MOS of the position to

1986

which they are assigned. Fiscal Year 1984 funding and funding requests in Fiscal Year 1985 reflect the increases necessary to support increased formal training of Reservists in an active duty training status. This will include retraining of prior service personnel in their duty MOS at service schools.

IRR Training

Although unit training and unit individual training have the highest priority, there is a substantial training requirement for the IRR. Prior to Fiscal Year 1983, about six percent of the IRR enlisted and 20 percent of the IRR officer force received any type of training during a given year. In September 1983 a pilot two-week refresher program was successfully conducted at Camp Atterbury for 105 IRR soldiers. The 70th Training Division conducted basic skill training in infantry while other Reserve units provided support. The Training and Doctrine Command and Forces Command are developing plans to expand that program to include other combat skills in Fiscal Year 1984.

Physical Fitness

Physical fitness must be the hallmark of all soldiers. Since October 1983, unit Army Reservists and members of the

IRR have been required to maintain the same physical readiness standards applied to the Active Component. However, two major hurdles seriously hamper our physical training effort for soldiers over 40. Medical screening for Reservists 40 years and over and the lack of adequate medical and disability compensation for cardiovascular conditions aggravated by physical readiness exercise reduce the effectiveness of the program. Therefore, passage of HR 1497 to alleviate the care and compensation problems associated with cardiovascular risk are essential.

Force Structure

Army Reserve--An Essential Element of the Total Army

Structurally, Army Reserve units constitute 1.4 percent of the Total Army's division combat increment, 16.2 percent of the non-divisional combat and special theater force increment, 38.8 percent of its tactical support increment, and 23.8 percent of the general support increment. (See Figure 2). The Army Reserve unit structure is not a mirror image of the Active Army. Rather, it complements and supplements the other components to provide the Total Army the required structure.

Over the next five years, plans call for unit structure to increase by over 150 combat support and combat service support units. Among these new activations will be medical,

1988

chemical smoke and decontamination, maintenance, and transportation movement control units.

Fiscal Year 1985 includes 171 separate force structure actions with a net increase of 4,435 authorized spaces. Concurrent with these increases are the transfer to the Army Reserve of Active Component missions and unit sets of equipment. These actions increase the Army Reserve's role in the Total Army by increasing the number of Army Reserve units which complement or roundout decremented Active Component units. Additionally, the Fiscal Year 1985 program contains significant actions to enhance Total Army combat service support capabilities and modernization of structure in existing units. These Fiscal Year 1985 actions will reduce critical shortfalls in combat service support capability, and concurrently meet requirements to enhance, modernize, and better align the organization of existing units.

Army Reserve Command and Management

The Army has adopted a plan to streamline the Active Component's management structure of the Army Reserve. Elimination of the nine Army Readiness and Mobilization Regions (ARMR) and establishment of two additional Continental U. S. Army headquarters will be completed by January 1985. On 30 September 1983, ARMR IV Headquarters was disestablished,

and on 1 October 1983 Second U. S. Army Headquarters was established. ARMR Headquarters I, II, and III will be disestablished on 30 June 1984, and Headquarters, First U.S. Army is to be reorganized on 1 July 1984. Finally, ARMR Headquarters V, VI, VII, VIII and IX are scheduled for disestablishment on 31 December 1984. Reorganization of Headquarters, Fifth and Sixth U.S. Armies will coincide with the establishment of Headquarters, Fourth U.S. Army on 1 January 1985. These organizational changes will result in Major U.S. Army Reserve Commands assuming greater responsibilities in certain areas such as training and mobilization planning.

Upon completion of the reorganization CONUS boundaries will be as shown in Figure 18.

1990

FIGURE 18

CONTINENTAL US ARMIES
Effective January 1985



1991

Logistics

Equipment

Major end items of Army Reserve equipment are funded, procured and distributed by the Active Component. The first-to-fight, first-to-be-equipped philosophy applies to prioritization of both Active and Reserve Components in the Army's efforts to overcome the equipment shortages of the past.

Equipment is a critical element of the readiness equation. Presently, by dollar value, Army Reserve peacetime (authorized) percent of equipment fill is 63 percent, while the wartime (requirements) percent of fill is 50 percent. However, equipment posture has been improved through dedicated procurement and distribution of new equipment from Total Army procurements. As an example, programed issue of Commercial Utility Cargo Vehicles, UH60 Blackhawk, and CH47D Chinook helicopters during Fiscal Year 1985 through 1991 will substantially improve capabilities for those items in Army Reserve units. Issue of displaced equipment such as the M113 Armored Personnel Carrier will also improve Army Reserve war-fighting capability. Distribution of fixed wing aircraft, however, has fallen behind and is not forecasted to improve because of limited procurement

of C-12 aircraft in the Active Component.

Distribution of new equipment and redistribution of displaced equipment are significant elements in improving Army Reserve equipment readiness. In 1981, Congress provided a 25 million dollar appropriation for dedicated procurement. That Fiscal Year appropriation was followed by 34.75 million in 1982, 15 million in 1983, and 15 million in 1984. Additionally, new equipment and redistributed equipment were provided in the amounts of \$60.5 million in Fiscal Year 1982 and \$95 million in Fiscal Year 1983.

Substantial improvement in stock fund clothing and equipment has been accomplished over the past three years. Early deploying units especially have benefitted through receipt of their authorized clothing and equipment. Attention during Fiscal Year 1984 is partially focused on correcting medical equipment shortages in battalion aid and clearing stations. Shortages still exist in other medical equipment areas such as evacuation and field hospitals. These are priority items in Fiscal Year 1985 along with non-medical stock fund items.

The Fiscal Year 1985 USAR Active Troop Action Guidance represents the first program to transfer Active Component missions and unit sets of equipment to the Army Reserve. Units activated under this program will enhance the Army's combat service support capability. These units include critical areas of conventional ammunition supply, water

1993

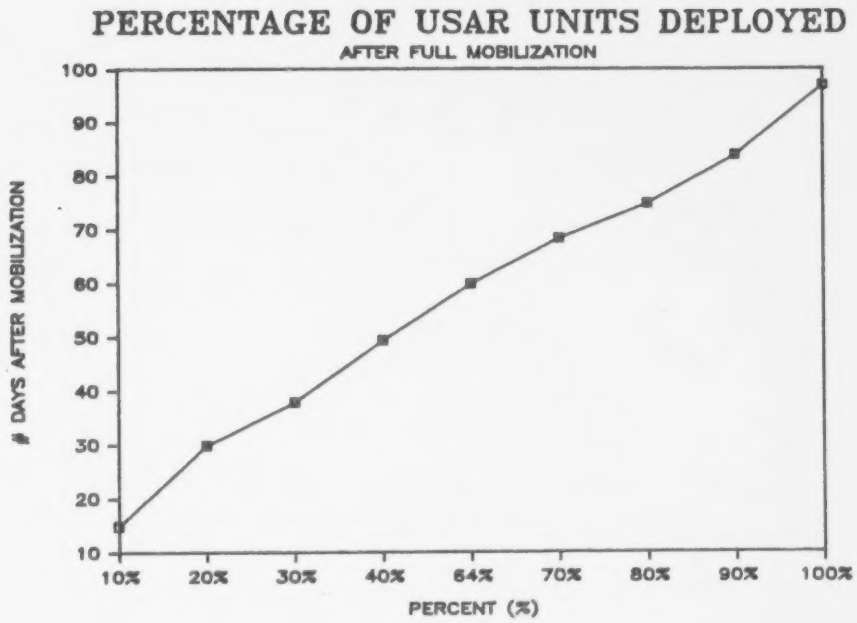
production and storage, chemical decontamination, communications and medical support. Ten units scheduled for such activation will accept missions and equipment sets directly from inactivating Active Component units. Further modernization of Army Reserve unit structures can also be expected as a result of this program.

Mobilization

Approximately 20 percent of Army Reserve deployable units would be committed within 30 days of mobilization. Some of these units will be required to deploy directly from Army Reserve centers to ports of embarkation because of early deployment schedules. Sixty-four percent of our units will deploy in the first 60 days after mobilization. Most of the remainder leave within 90 days of mobilization.

Figure 19 provides a graphic description of the Army Reserve mobilization schedule.

FIGURE 19



1995

Today as the size of the Active Army is being held essentially constant the result is greater reliance on the Army's Reserve Components. Mobilization planning is being improved through the increase of full-time Army Reserve mobilization planners at selected headquarters and installations. At the unit level, planning and readiness are being enhanced by additional full-time unit support personnel.

Another significant mobilization enhancement has been initiated. The Demonstration Continental Army Management Information System Validation System (DCVS), a Reserve management information system, has been developed and resourced, and was used in MOBEX 83 to demonstrate successfully automation as a valuable mobilization tool. DCVS is currently being utilized to refine further and evaluate the requirements for automation of the Army Reserve for incorporation into the mainline Continental Army Management Information System (CAMIS).

Automation Management Systems

Automation management systems in the Army Reserve are receiving attention. The Decentralized Automated Service Support System (DAS-3) provides 93 van-mounted Honeywell computer systems to support combat service support missions in non-divisional, division, and corps support units.

For combat service support at corps and echelons above corps, two of seven Army procured van-mounted IBM computers will be received by the Army Reserve as part of the Interim Theater Automated Support Center (ITASC). As a link with DAS-3, and ITASC, over 1,100 micro-computer systems are being provided as part of the Tactical Army Combat Service Support Computer System (TACCS) beginning in Fiscal Year 1985. Unit training and site preparation are currently underway in the two Army Reserve units scheduled to receive ITASC.

Numerous studies and experience gained through mobilization exercises identified significant shortfalls in Reserve Component automation support. CAMIS will be the major computer based information resource management system to support the Army Reserve and National Guard command and control systems in peacetime and upon mobilization. Over 11,000 terminals and computers located in over 5,000 Reserve Centers and Guard Armories will record data activities as they occur, and store it in distributed data bases accessible to commanders and staff throughout the system. The present level of funding will be sufficient to continue development of CAMIS. The two top bidders will be selected to engage in a "compute-off" during October 1984 and October 1985, and mainline CAMIS should be fielded in October 1986.

Military Construction

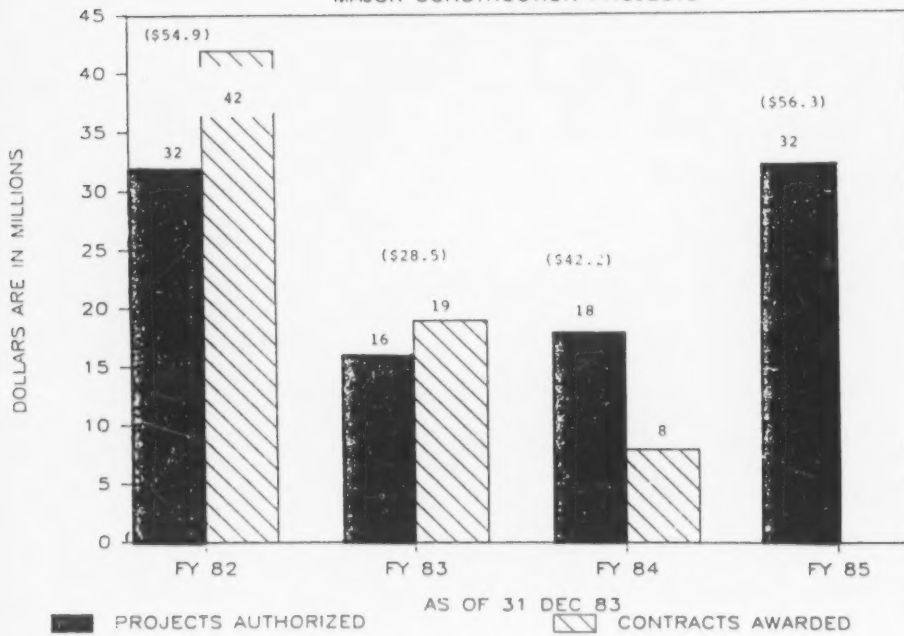
Military construction for the Army Reserve has been a success (Figure 20). During Fiscal Year 1983, 16 projects were programed for contract award. Through timely execution of Fiscal Year 1982 and Fiscal Year 1983 programs and a favorable construction market and congressional approval of reprogramming requests, 14 additional projects were executed. In Fiscal Year 1984, construction of eight new replacement centers and one maintenance facility will begin. Furthermore, work will begin on the modernization and expansion of 10 existing Army Reserve centers.

The Fiscal Year 1985 budget request for Military Construction, Army Reserve will permit construction of six new replacement centers, two multi-purpose field training ranges, and modernization and expansion of 24 other centers.

FIGURE 20

USAR FACILITIES

MAJOR CONSTRUCTION PROJECTS



1999

Economies, Efficiencies, and
Management Improvements (EEMI)

The Army Reserve is conscious of the importance of economies, efficiency and management improvements. Projections throughout Fiscal Year 1984 reflect two million dollars savings in utility (energy) conservation. These cost savings will be made possible through energy saving practices at Army Reserve Centers and eight OMAR funded installations and sub-installations. These cost savings should continue and produce a \$2.1 million savings during Fiscal Year 1985. Additional cost savings in Fiscal Year 1985 are in procurement of ADP equipment when it is most cost effective--a \$1.9 million savings, and in spare parts acquisition where implementation of procurement improvements concerning competition and price surveillance should save another \$4.3 million. Overall the Army Reserve forecasts a \$2.6 million savings in Fiscal Year 1984 and \$8.8 million during Fiscal Year 1985.

Conclusion

The Army Reserve is proud of accomplishments made in Fiscal Year 1983. Strength of the troop program units has continued to grow. The monetary incentives have contributed to this growth. An essential ingredient is also the effective leadership of officers and non-commissioned officers throughout the entire Army Reserve chain of command. Their efforts to improve training and readiness are essential to the Total Army of excellence. Improvements in the management of the Individual Ready Reserve continue with particular emphasis upon enlisted personnel. The Fiscal Year 1985 budget request of \$2.4 billion (plus an amount attributable to retired pay accrual) builds upon previous accomplishments by further improving the ability of the Army Reserve to organize, man, equip, train and mobilize in support of the Army's global strategy of deterrence, and if deterrence fails, to be able to defeat any enemy in any environment.

The following statement from the posture statement of the Secretary of the Army and the Chief of Staff also applies to the Army Reserve:

"We are at a critical juncture today. The progress that we have made in recent years reflects the support and cooperation of congress. Continued support will be essential to meet the manning, training, modernization and logistics challenges of the future Army of Excellence."

Senator HUMPHREY. Thank you.
General Peixotto?

**STATEMENT OF LT. GEN. ERNEST D. PEIXOTTO, COMPTROLLER
OF THE ARMY, DEPARTMENT OF THE ARMY**

General PEIXOTTO. Mr. Chairman, in the essence of time, I would like to submit my prepared statement for the record at this point. [The statement of General Peixotto is as follows:]

PREPARED STATEMENT BY GEN. ERNEST D. PEIXOTTO, COMPTROLLER OF THE ARMY,
DEPARTMENT OF THE ARMY

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DURING THE PAST TWO YEARS WHEN I APPEARED BEFORE THE CONGRESS I STATED THAT OUR SOLDIERS MUST BE CAPABLE OF OPERATING AT ALL LEVELS OF THE THREAT SPECTRUM AT ANY LOCATION IN THE WORLD, AND AT A MOMENT'S NOTICE. THE CONGRESS SHARED THAT CONCERN AND AUTHORIZED AND APPROPRIATED THE FUNDS NEEDED FOR THE ARMY TO RECRUIT, EQUIP, SUSTAIN AND TRAIN SOME OF THE FINEST YOUNG SOLDIERS IN OUR 208 YEAR HISTORY. THE EFFECTIVENESS OF OUR COLLECTIVE EFFORTS WAS DEMONSTRATED BY THE RESOUNDING SUCCESS OF OUR OPERATION IN GRENADA WHEN ARMY RANGER UNITS PARACHUTED INTO THAT ISLAND NATION, FROM AIRPLANES FLYING LESS THAN 500 FEET ABOVE THE GROUND.

THE SIGNIFICANCE OF THEIR FEAT IS MAGNIFIED WHEN YOU REALIZE THAT JUST 24 HOURS EARLIER THESE SAME SOLDIERS WERE UNDERGOING ROUTINE TRAINING AT FORT STEWART, GEORGIA AND FORT LEWIS, WASHINGTON. THE FACT THAT OVER 60 PERCENT OF THESE SOLDIERS HAD BEEN IN THE ARMY LESS THAN TWO YEARS AND ONLY 3 PERCENT HAD PREVIOUS COMBAT EXPERIENCE CERTAINLY SPEAKS WELL OF THE QUALITY OF THESE SOLDIERS, THEIR LEADERS AND THEIR TRAINING.

THE ARMY IS PROUD OF THE PROFESSIONALISM AND ESPIRIT DE CORPS DEMONSTRATED BY THESE WELL TRAINED, WELL LEAD, AND HIGHLY MOTIVATED SOLDIERS. SHOULD THE CALL ARISE TOMORROW IN ANOTHER CORNER OF THE WORLD, WE MUST BE CAPABLE OF MEETING THE CHALLENGE. THE FY 1985 REQUEST OF \$19.5 WILL HELP TO ASSURE THAT WE WILL BE ABLE TO MAINTAIN THIS HIGH LEVEL OF READINESS.

BEFORE I ADDRESS THE FY 1985 REQUEST I WILL PROVIDE A BRIEF SUMMARY OF THE MAJOR IMPROVEMENTS THAT HAVE OCCURRED IN READINESS SINCE FY 1981. THE CONGRESS AND THE ARMY HAVE JOINTLY SUPPORTED AN AMAZING LIST OF SIGNIFICANT IMPROVEMENTS TO READINESS. HERE IS A QUICK BURST OF THE ACCOMPLISHMENTS:

MANNING

- QUALITY OF SOLDIERS IMPROVED, BOTH NEW ENLISTEES AND REENLISTEES.
- NCO SHORTAGE ELIMINATED.
- NG AND AR STRENGTH SIGNIFICANTLY INCREASED.
- HNS AGREEMENT WITH FRG ACCOMPLISHED.
- APPROX. 21,000 SOLDIERS RETURNED TO TO&E UNITS FROM ADMINISTRATIVE TYPE WORK.
- PHYSICAL FITNESS GREATLY IMPROVED AND INTEGRATED AS THE ARMY WAY OF LIFE.
- ALL INDISCIPLINE FACTORS LEAVE SIGNIFICANTLY DECREASED.
- COHESION IN UNITS IMPROVED WITH COHORT, AND REGIMENTAL SYSTEMS
- BETTER FACILITIES TO LIVE AND WORK IN

TRAINING

- MORE UNIT TRAINING
- OFFICER AND NCO TRAINING IMPROVED
- BASIC TRAINING IMPROVED
- MORE JCS EXERCISES FOR TRAINING WITH AIR FORCE AND NAVY
- FLYING HOUR PROGRAM INCREASED
- MAJOR MODERNIZATION FOR RANGES
- LOCAL TRAINING AREAS IN EUROPE IMPROVED
- INCREASED PROCUREMENT AND USE OF TRAINING AIDS AND SIMULATORS
- MORE RESERVE COMPONENT OVERSEAS DEPLOYMENT
- MORE RANGE TRAINING - AMMO CONSUMPTION UP

STRUCTURE

- MODERNIZING TACTICAL UNITS - DIV 86
- SPECIAL OPERATING FORCES IMPROVEMENTS
- HIGH TECH MOTORIZED DIVISION TESTING RESULTS

2003

EQUIPPING

- FIELDING OF NEW MODERNIZED EQUIPMENT PROCEEDING WITH OMA SUPPORT UP FROM \$420M IN FY 1981 TO \$751M FOR ONE-TIME AND FIRST YEAR SUSTAINMENT COSTS FOR SYSTEMS FIELDIED BEFORE FY 1985.
- SYSTEMS FIELDIED INCLDE:
 - M-1
 - BRADLEY FVS
 - M60A3
 - MLRS
 - BLACKHAWK
 - ANTITANK MISSILES - TOW II
 - TACTICAL VEHICLES - TRUCKS
- BIG INCREASE IN QUANTITY OF EQUIPMENT BEING ISSUED TO NG AN AR

SUSTAINING

- PREPOSITIONED WAR RESERVE STOCKS INCREASED
- AMMUNITION STOCKS INCREASED
- BACKLOG OF OLD AMMO NEEDING RENOVATION REDUCED
- REPAIR PARTS AVAILABILITY IMPROVED
- DEPOT MAINTENANCE INCREASED FROM \$974M IN FY 1981 TO \$1.6B IN FY 1985

AS THE CHART BELOW SHOWS, THE FY 1985 BUDGET REQUEST INCLUDES \$1.6 BILLION (9.2 PERCENT) IN PROGRAM GROWTH. THIS IS DECEPTIVE HOWEVER, SINCE IT DOES NOT ACCURATELY REFLECT REAL PROGRAM GROWTH. LET ME ILLUSTRATE THIS POINT.

OPERATION & MAINTENANCE, ARMY BUDGET PROGRAM (\$ IN MILLIONS)

PROGRAM	FY 1983	FY 1984	COST GROWTH	PROGRAM GROWTH	FY 1985	CHANGE
• 2 GENERAL PURPOSE FORCES	\$2,614	\$3,025	\$112	\$250	\$3,387	\$362
• 3 INTELLIGENCE	195	212	8	26	246	34
• 3 COMMUNICATIONS	631	726	44	97	867	141
• 7 CENTRAL SUPPLY	2,735	2,818	-53	199	2,964	146
• 7 MAINTENANCE	1,770	1,857	115	300	2,272	415
• 7 ENVIRONMENTAL RESTORATION	0	0	0	103	103	103
• 8 TRAINING	841	918	30	132	1,080	162
• 8 MEDICAL	1,084	1,131	45	13	1,189	58
• 8 OTHER GENERAL PERSONNEL ACTIVITIES	486	538	20	18	576	38
• 9 ADMINISTRATION	799	867	24	50	931	74
• 10 SUPPORT OF OTHER NATIONS	89	99	3	104	206	107
• 11 BASE OPERATIONS (LOG)	2,413	2,618	106	110	2,834	216
• 12 BASE OPERATIONS (RPMA)	2,492	2,536	100	195	2,832	296
TOTAL	\$16,149	\$17,335	\$555	\$1,597	\$19,487	\$2,152

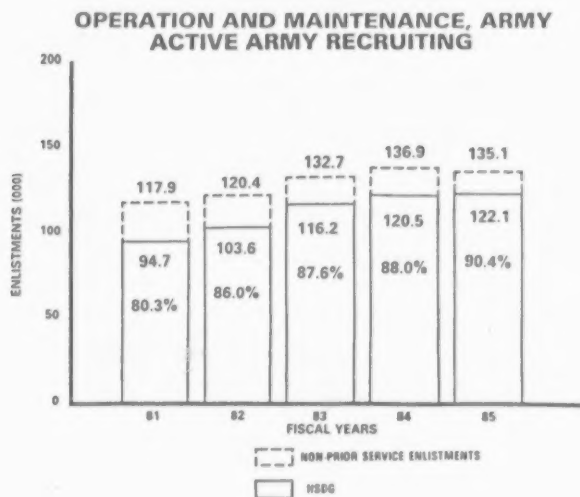
THERE ARE TWO IMPORTANT FACTORS THAT IMPACT ON THE AMOUNT OF "REAL" PROGRAM GROWTH IN THE FY 1985 REQUEST. FIRST, OUR FY 1985 GROWTH IS OVERSTATED AS A RESULT OF \$342 MILLION IN FUNCTIONAL TRANSFERS FROM OTHER DOD AND ARMY APPROPRIATIONS. THESE TRANSFERS ARE SIMPLY FINANCING CHANGES THAT PROVIDE NO SUBSTANTIVE IMPROVEMENT IN OUR CAPABILITY. FOR EXAMPLE, THE FY 1985 REQUEST INCLUDES: \$103 MILLION FOR ENVIRONMENTAL RESTORATION (PREVIOUSLY FUNDED BY A DOD APPROPRIATION); \$91 MILLION FOR NATO AWACS PROGRAM (PREVIOUSLY FUNDED BY THE AIR FORCE); \$86 MILLION FOR ASSET CAPITALIZATION IN AIF FACILITIES (PREVIOUSLY FUNDED BY ARMY PROCUREMENT APPROPRIATIONS); AND \$62 MILLION FOR ADP SUPPORT TO MCA, TRIMIS, VEAP AND UNEMPLOYMENT COMPENSATION (PREVIOUSLY FUNDED BY OTHER APPROPRIATIONS). WHEN THESE FUNCTIONAL TRANSFERS ARE STRIPPED OUT, THE FY 1985 GROWTH RATE IS ONLY 7.8 PERCENT.

SECOND IS THE FACT THAT THE FY 1984 COLUMN OF THE FY 1985 BUDGET INCLUDES SEVERAL SUPPLEMENTALS AND REPROGRAMMING ACTIONS WHICH ARE CURRENTLY BEFORE THE CONGRESS. INCLUDED IN THESE ARE: A \$190.5 MILLION SUPPLEMENTAL FOR CIVILIAN PAY AND BENEFITS; A \$49.5 MILLION SUPPLEMENTAL FOR GRENADA; AND \$40 MILLION FOR REPROGRAMMING ACTIONS FOR CIVILIAN END STRENGTH (\$26.6 MILLION), CLASSIFIED PROGRAMS (\$6 MILLION), AND FOREIGN CURRENCY (\$7.4 MILLION). THE COMBINED TOTAL OF THESE ACTIONS IS \$280 MILLION.

IF THESE SUPPLEMENTALS AND REPROGRAMMINGS ARE NOT SUPPORTED THERE WILL BE FURTHER EROSION IN MISSION ACCOMPLISHMENT AND OUR ABILITY TO MAINTAIN AND SUSTAIN OUR RECENT READINESS GAINS. I WOULD ASK THE COMMITTEE TO TAKE FAVORABLE ACTION ON THESE REQUESTS. ADDITIONALLY, I WOULD ALSO ASK THAT WHILE REVIEWING OUR FY 1985 BUDGET, YOU CONSIDER THE IMPACT OF FUNCTIONAL TRANSFERS, AND PENDING REPROGRAMMINGS AND SUPPLEMENTALS ON OUR PROGRAM GROWTH.

AT THIS TIME I WILL ADDRESS IN DETAIL EACH OF THE CRUCIAL READINESS BUILDING BLOCKS FUNDED IN THE FY 1985 BUDGET.

THE ARMY RELIES ON HIGH QUALITY, TALENTED SOLDIERS CAPABLE OF MASTERING SOPHISTICATED WEAPONS SYSTEMS AND EQUIPMENT. IN THIS REGARD, WE HAVE BEEN SUCCESSFUL IN ATTRACTING, RECRUITING AND RETAINING SOME OF THIS COUNTRY'S MOST ABLE MEN AND WOMEN. EIGHTY-EIGHT PERCENT OF THE YOUNG PEOPLE ENLISTING IN THE ARMY IN FY 1983 WERE HIGH SCHOOL GRADUATES. THIS IS GOOD NEWS SINCE EXPERIENCE HAS SHOWN US THAT HIGH SCHOOL GRADUATES TEND TO COMPLETE THEIR ENLISTMENTS AND MORE QUICKLY GRASP AND RETAIN THE SOPHISTICATED TRAINING REQUIRED OF TODAY'S WEAPONS SYSTEMS. FURTHERMORE, THEY PROVIDE THE ARMY WITH A QUALITY MANPOWER BASE FROM WHICH TOMORROW'S NONCOMMISSIONED OFFICERS WILL BE DRAWN.



ALTHOUGH WE ARE JUSTIFIABLY PROUD AND ENCOURAGED WITH THE EXCELLENT QUALITY OF TODAY'S SOLDIERS, WE ARE CONCERNED WITH THE FUTURE. AS THE ECONOMY CONTINUES TO IMPROVE, WE ANTICIPATE THAT OUR ABILITY TO CONTINUE TO ENLIST HIGH QUALITY SOLDIERS WILL DIMINISH UNLESS ADEQUATE INCENTIVES ARE PROVIDED. THAT IS WHY THE REQUEST BEFORE THIS COMMITTEE TODAY INCLUDES FUNDS TO CONTINUE THE

SUCCESSFUL "ULTRA" VEAP PROGRAM (VETERAN'S EDUCATIONAL ASSISTANCE PROGRAM), WHICH PROVIDES INCENTIVES TO HIGH SCORING HIGH SCHOOL GRADUATES. THIS PROGRAM AND ENLISTMENT BONUSES ALLOWED THE ARMY IN FY 1983 TO RECRUIT MORE NON-PRIOR SERVICE, HIGH SCHOOL GRADUATE TEST CATEGORY I-IIIA ENLISTEES THAN IN THE PREVIOUS YEAR.

THE ARMY TRAINING PROGRAM CONSISTS OF INSTITUTIONAL AND UNIT TRAINING. INSTITUTIONAL TRAINING IS CONDUCTED BY THE TRAINING AND DOCTRINE COMMAND AND CONCENTRATES ON PROVIDING SOLDIERS, NONCOMMISSIONED OFFICERS AND OFFICERS WITH ESSENTIAL INDIVIDUAL SKILLS. THESE INDIVIDUAL SKILLS ARE EXPANDED IN THE UNIT, AND EACH MEMBER OF THE UNIT FROM RIFLEMAN TO BATTALION COMMANDER IS MOLDED INTO A COMBAT EFFECTIVE TEAM. AS YOU CAN SEE THE QUALITY OF UNIT TRAINING CAN BE IMPROVED BY ENHANCEMENTS TO INSTITUTIONAL TRAINING. THIS BUDGET REQUEST CONTAINS THREE SEPARATE INITIATIVES DESIGNED TO IMPROVE INSTITUTIONAL TRAINING AND THEREBY ENHANCE THE PROFESSIONALISM OF OUR OFFICERS AND NONCOMMISSIONED OFFICERS. TO BETTER PREPARE OUR YOUNG OFFICERS FOR THEIR INITIAL ASSIGNMENT, THE LENGTH OF THE OFFICER BASIC COURSES WILL BE INCREASED FOUR TO FIVE WEEKS. THIS WILL ENABLE US TO GIVE THEM MORE HANDS ON FIELD OPERATIONS AND PLACE ADDITIONAL EMPHASIS ON TECHNICAL COMPETENCE, LEADERSHIP, TACTICS, LOGISTICS AND MAINTENANCE OPERATIONS. ANOTHER PROGRAM HAVING A DIRECT IMPACT ON OUR UNITS IS THE COMBINED ARMS SERVICE SCHOOL INITIATIVE. THIS COURSE WILL SIGNIFICANTLY IMPROVE THE SKILLS OF OUR CAPTAINS SERVING IN BATTALION, BRIGADE, DIVISION AND INSTALLATION STAFF ASSIGNMENTS BY PROVIDING NINE WEEKS OF CONCENTRATED STAFF TRAINING.

WE ARE ALSO IMPROVING OUR NONCOMMISSIONED OFFICER EDUCATION SYSTEM. THE TECHNICAL SKILLS OF OUR JUNIOR COMBAT SUPPORT NONCOMMISSIONED OFFICERS WILL BE IMPROVED BY THE INITIATION OF 42 PRIMARY AND BASIC TECHNICAL COURSES. THIS

PROGRAM, AS THE OTHERS, WILL IMPROVE UNIT TRAINING SINCE OUR NONCOMMISSIONED OFFICERS ARE CHARGED WITH THE RESPONSIBILITY OF BEING BOTH A SUPERVISOR AND A TRAINER.

SHORT OF ACTUAL COMBAT OUR BEST PEACETIME TRAINING GROUND FOR UNITS IS THE NATIONAL TRAINING CENTER. UNITS ARE PLACED IN A SIMULATED COMBAT ENVIRONMENT WHERE OUR LEADERS METTLE, TACTICAL ACUMEN AND THE ABILITY TO LEAD UNITS IN A HIGH STRESS ENVIRONMENT IS TESTED. AT THE SAME TIME IT PROVIDES THE COMMANDER WITH AN OBJECTIVE ANALYSIS OF HIS UNIT'S TRAINING STATUS. WE ARE CONTINUING TO CAPITALIZE ON THE BENEFITS OF THE NTC. THE NUMBER OF BATTALION-SIZED UNITS BEING TRAINED AND EVALUATED AT THE CENTER WILL INCREASE FROM 24 TO 28.

JCS EXERCISES AND UNIT FIELD TRAINING EXERCISES ALSO PLAY IMPORTANT ROLES IN ACHIEVING READINESS. THIS BUDGET CONTINUES PARTICIPATION BY ARMY UNITS IN OVER 1,000 SMALL THROUGH LARGE UNIT TRAINING EXERCISES TO INCLUDE 12 DIRECTED AND 37 COORDINATED JCS EXERCISES, AN INCREASE OF 4 EXERCISES OVER FY 1984.

TO ENABLE THE NATION AND THE ARMY TO RAPIDLY PROJECT GROUND COMBAT POWER, A VITAL INITIATIVE IS UNDERWAY TO FIELD A 10,000 MAN LIGHT INFANTRY DIVISION. THE FIRST DIVISION TO BE ORGANIZED UNDER THE LIGHT INFANTRY DESIGN WILL BE THE 7TH INFANTRY DIVISION AT FORT ORD, CALIFORNIA. IN ADDITION TO THE CONVERSION OF THE 7TH INFANTRY DIVISION, THE ARMY PLANS TO ACTIVATE A 17TH ACTIVE COMPONENT DIVISION BASED ON THIS CONCEPT. THE DIVISION HEADQUARTERS AND BASE WILL BE FORMED DURING FY 1985. ALTHOUGH ACTIVATION OF MANEUVER UNITS BEGINS IN FY 1986, THE DIVISION WILL NOT BE FULLY ORGANIZED UNTIL THE END OF FY 1987. THE MAJOR ADVANTAGES ACCRUING FROM THIS STRUCTURE IS THE ABILITY TO DEPLOY A DIVISION WITH ABOUT ONE THIRD THE STRATEGIC LIFT SORTIES THEREBY ALLOWING IT TO CLOSE IN ABOUT ONE THIRD THE TIME (4 VERSUS 11 DAYS) PERHAPS EVEN MORE IMPORTANT IS THAT THE LIGHT DIVISION WILL HAVE MORE FOXHOLE STRENGTH THAN AN EXISTING INFANTRY DIVISION.

THE ARMY'S ABILITY TO REACT TO CRISIS SITUATIONS WILL BE FURTHER IMPROVED BY THE ACTIVATION OF A THIRD RANGER BATTALION DURING FY 1985. THIS BATTALION, ALONG WITH THE TWO BATTALIONS CURRENTLY IN THE FORCE, WILL BE PLACED UNDER A RANGER REGIMENTAL HEADQUARTERS SCHEDULED TO BE ACTIVATED DURING FY 1984.

TIED TO OUR FORCE MODERNIZATION PROGRAM ARE THE ACTIVATION OF TWO PATRIOT AIR DEFENSE BATTALIONS AND FOUR (DIVAD) AIR DEFENSE BATTERIES. THEIR CAPABILITIES WILL SIGNIFICANTLY IMPROVE THE ABILITY OF OUR COMBAT UNITS TO OPERATE AND SURVIVE IN A MID TO HIGH INTENSITY ENVIRONMENT AGAINST AN ENEMY POSSESSING A SIGNIFICANT CLOSE AIR SUPPORT CAPABILITY. THIS IS ESPECIALLY CRITICAL, SINCE THE AIR DEFENSE PROVIDED BY THESE UNITS WILL BETTER ENABLE OUR COMMANDERS TO TAKE ADVANTAGE OF THE FIRE POWER AND MOBILITY OF OUR TANKS AND BRADLEY FIGHTING VEHICLES. THIS IMPROVED ABILITY WILL ALLOW COMMANDERS TO MORE FREELY MANEUVER AND MASS THEIR FORCES AT THE CRITICAL TIME AND PLACE TO INFLUENCE THE OUTCOME OF THE BATTLE.

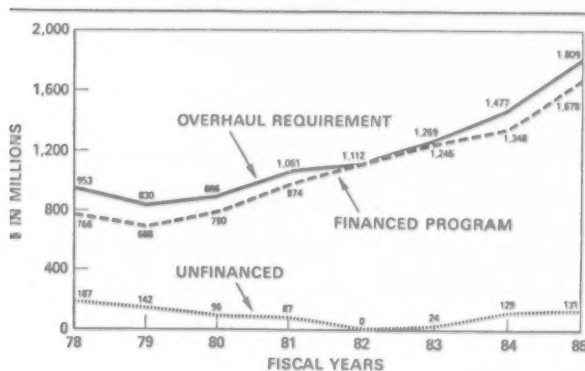
THE ACTIVATION OF A MULTIPLE LAUNCHED ROCKET SYSTEM (MLRS) FIELD ARTILLERY BATTALION WILL IMPROVE OUR ABILITY TO DISRUPT ENEMY FORCES' COMMAND AND CONTROL CENTERS, COMBAT, COMBAT SUPPORT AND COMBAT SERVICE SUPPORT UNITS. THIS BATTALION CAN DELIVER DEVASTATING FIRE POWER AT DISTANCES UP TO 30 KILOMETERS.

AS A RESULT OF THE STRATEGIC AIRLIFT SHORTFALL, PRE-POSITIONED MATERIEL CONFIGURED TO UNIT SETS (POMCUS) CONTINUE TO BE VITAL TO CONUS BASED DEPLOYED COMBAT UNITS. INCLUDED IN THIS REQUEST IS THE MODERNIZATION AND UPGRADE OF POMCUS DIVISION SETS 1 - 4, INITIAL FILL OF DIVISION SET 3 AS A LIGHT DIVISION AND THE MINIMUM LEVEL OF SUPPORT TO DIVISION SETS 5 AND 6. ANOTHER IMPORTANT INITIATIVE IN EUROPE IS THE NORTHAG SUPPORT FACILITY. THIS FACILITY PROVIDES INITIAL SUPPORT TO REINFORCING U.S. COMBAT DIVISIONS. IN THIS REGARD, FUNDS ARE REQUESTED TO ESTABLISH AND OPERATE THE MINIMUM FORWARD STATIONED FORCES AT NORTHAG REQUIRED TO PLAN, COORDINATE, RECEIVE, AND SUSTAIN THESE REINFORCING

DIVISIONS. INCREASED STOCKAGE OF REPAIR PARTS TO MATCH ANTICIPATED COMBAT USAGE RATES AND EXPANSION OF THE QUANTITY OF THE ARMY SUPPLIES STORED IN NEAR-TERM PRE-POSITIONED SHIPS WILL ALSO IMPROVE THE DEPLOYABILITY OF EUROPEAN REINFORCING UNITS.

THE SUSTAINMENT OF OUR FORCES IS ESSENTIAL TO THE READINESS OF THE ARMY. IN RECOGNITION OF THIS, AND AS A RESULT OF OUR GROWING MATERIEL MAINTENANCE OVERHAUL REQUIREMENTS, THE FY 1985 REQUEST CONTAINS A SIGNIFICANT INCREASE IN FUNDING FOR DEPOT MAINTENANCE. DESPITE THIS EMPHASIS, THE DEPOT MAINTENANCE HARDWARE BACKLOG IS EXPECTED TO GROW SLIGHTLY IN FY 1985 AS SHOWN IN THIS CHART.

DEPOT MAINTENANCE PROGRAM MATERIEL MAINTENANCE



THERE ARE SEVERAL FACTORS WHICH CAUSE THIS INCREASE. FIRST, IS THE GROWTH IN DENSITY OF EQUIPMENT WHICH RESULTS FROM OUR FORCE MODERNIZATION PROGRAM. ANOTHER FACTOR IS THE NECESSITY TO EXECUTE FY 84 UNFINANCED REQUIREMENTS DURING FY 1985. FINALLY, REQUIREMENTS FOR CURRENTLY FIELDIED SYSTEMS WILL INCREASE DURING FY 1985. FOR EXAMPLE, TO INCREASE MOBILIZATION ASSETS, WE WILL REPAIR

17 PERCENT MORE UH-1H ENGINES. IN ADDITION THE COMBAT CAPABILITIES OF FIELD UNITS WILL BE ENHANCED BY INCREASING M60A3 TANK CONVERSIONS AND EXPANDING THE OVERHAUL AND MODERNIZATION PROGRAM TO EXTEND THE SERVICEABLE LIFE OF THE AH-1S HELICOPTER. THE CONGRESS IN RECOGNITION OF THE IMPORTANCE OF FIELDIED SYSTEMS SUCH AS THESE TO READINESS, INCREASED THE FY 1984 ARMY DEPOT MAINTENANCE PROGRAM BY \$25 MILLION. IN KEEPING WITH THIS, THE FY 1985 REQUEST MAINTAINS A BALANCE BETWEEN SUPPORT OF NEW AND FIELDIED SYSTEMS BY FUNDING 80 PERCENT OF NEW AND 90 PERCENT OF FIELDIED SYSTEMS REQUIREMENTS.

THE OVERALL SUSTAINABILITY AND COMBAT POWER OF THE ARMY DURING CONTINUOUS LAND OPERATIONS IN EUROPE WILL BE IMPROVED AS A RESULT OF A WARTIME HOST NATION SUPPORT AGREEMENT CONCLUDED BETWEEN THE UNITED STATES AND THE FEDERAL REPUBLIC OF GERMANY ON 15 APRIL 1982. UNDER THE TERMS OF THE ACCORD, THE FEDERAL REPUBLIC OF GERMANY WILL PROVIDE APPROXIMATELY 50,000 RESERVISTS, PLUS THE ASSOCIATED CIVILIAN RESOURCES, TO PROVIDE COMBAT SUPPORT AND COMBAT SERVICE SUPPORT TO REINFORCING AND DEPLOYED U.S ARMY COMBAT UNITS. IN ADDITION, THEY WILL FUND THE MILITARY PAY, ALLOWANCES AND INDIVIDUAL CLOTHING AND EQUIPMENT COSTS FOR THESE RESERVISTS. THE FY 1985 ARMY REQUEST CONTAINS THE FUNDS NECESSARY TO PAY FOR THEIR ANNUAL OPERATION AND MAINTENANCE COSTS TO INCLUDE CIVILIAN PAY AND ALLOWANCE AND MATERIEL AND FACILITIES MAINTENANCE.

THE REQUEST ALSO SUPPORTS THE SUSTAINMENT OF THE RAPID DEPLOYMENT FORCE (RDF) BY PROVIDING MATERIEL SUPPORT (POL, REPAIR PARTS) FOR LOGISTICS OVER-THE-SHORE INITIATIVE AND THE DEVELOPMENT AND IMPLEMENTATION OF WATER SYSTEMS AND DOCTRINE TO SUPPORT RDF UNITS OPERATING IN ARID ENVIRONMENTS.

IMPROVED PROTECTION OF OUR COMBAT VEHICLE CREWMEN (COMMANDER, GUNNER, OPERATOR, LOADER, DRIVER) IS ANOTHER IMPORTANT AREA FUNDED BY THIS REQUEST. THE ACQUISITION AND ISSUANCE OF FIRE RESISTENT UNIFORMS, SIMILAR TO THOSE CURRENTLY USED BY OUR AVIATORS, WILL REDUCE COMBAT CASUALTIES AND IMPROVE THE STAYING POWER OF OUR COMBAT UNITS.

ALSO SUPPORTED IN THIS BUDGET IS A CONCERTED EFFORT TO INCREASE THE RESPONSIVENESS OF THE SUPPLY SYSTEM BY HALTING DEGRADATION OF MATERIEL IN WHOLESALE DEPOT SUPPLY WAREHOUSES. UNDER THIS PROGRAM 78,000 TONS OF SUPPLIES, EQUIPMENT AND AMMUNITION WILL BE INSPECTED, CLEANED, REPAINTED, BANDED AND REPACKED, THEREBY INSURING THEY ARE READY-FOR-ISSUE TO OUR FIELD UNITS.

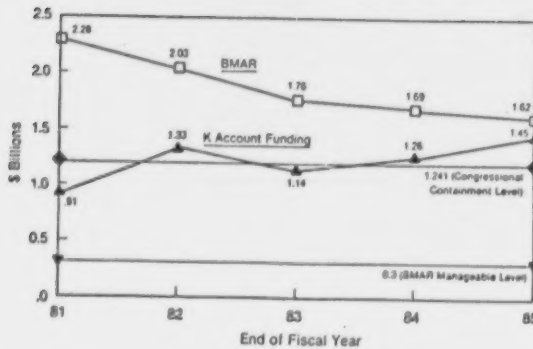
AS YOU KNOW THE ARMY FORCE MODERNIZATION PROGRAM IS A FUNCTION OF TWO APPROPRIATIONS: PROCUREMENT, WHICH PROVIDES THE COMBAT VEHICLES AND MAJOR ITEMS OF EQUIPMENT; AND OMA, WHICH PROVIDES FOR THE OPERATION AND SUPPORT COSTS.

AS A RESULT OF YOUR SUPPORT OF THE MODERNIZATION PROGRAM, TODAY'S ARMY IS THE BEST EQUIPPED, MOST MODERN IN THE FREE WORLD. YOU HAVE PROVIDED US WITH THE CAPABILITY TO FIGHT A LARGER FORCE AND WIN. AS AN EXAMPLE THE M1 TANK IS WITHOUT A DOUBT THE BEST TANK IN EXISTENCE. IT PROVIDES OUR TANKERS WITH THE ABILITY TO HIT AND DESTROY ENEMY TANKS AND POSITIONS DURING DAY OR NIGHT OPERATIONS WHILE MOVING RAPIDLY ACROSS THE BATTLEFIELD. THIS COUPLED WITH ITS SURVIVABILITY HAS ENHANCED BOTH THE READINESS AND SUSTAINABILITY OF OUR COMBAT UNITS. EQUALLY IMPORTANT IS THE FACT THAT IT IS READY TO GO WHEN WE ARE. IN THIS REGARD, GENERAL OTIS, THE ARMY'S EUROPEAN COMMANDER-IN-CHIEF, RECENTLY PRAISED THE PERFORMANCE AND THE 98 PERCENT OPERATIONAL READINESS RATE ACHIEVED BY OUR TANKERS DURING THE GRUELING 11 DAY REFORGER 83 EXERCISE. THE FIELDING OF NEW WEAPONS SYSTEMS SUCH AS THE M1 TANK, PATRIOT, MULTIPLE LAUNCHED ROCKET SYSTEM, BLACKHAWK HELICOPTER AND BRADLEY FIGHTING VEHICLE, HAS HAD AN IMPORTANT EFFECT ON OUR SOLDIERS. THEY ARE TOTALLY CONVINCED OF THEIR ABILITY TO FIGHT AND WIN REGARDLESS OF THE SIZE OF THE ENEMY FORCE. THIS CONFIDENCE IS NOT LIMITED TO UNITS RECEIVING NEW EQUIPMENT BUT HAS PERMEATED THE ENTIRE ARMY AS EVIDENCED BY OUR OPERATION IN GRENADA. AGAIN, I WISH TO PERSONALLY THANK YOU FOR HELPING US TO ACHIEVE THIS HIGH LEVEL OF MORALE AND ESPIRIT DE CORPS AMONG THESE ABLE, DEDICATED, PROUD AND EXTREMELY PROFESSIONAL SOLDIERS.

THE ABILITY TO EFFECTIVELY COMMAND AND CONTROL COMBAT OPERATIONS OR EVEN THE DAY-TO-DAY ACTIVITIES OF OUR INSTALLATIONS DEPENDS ON RELIABLE COMMUNICATIONS SYSTEMS AND EQUIPMENT. YOUR SUPPORT OF THE ARMY PROCUREMENT APPROPRIATION IN THIS REGARD IS GREATLY APPRECIATED. I WOULD ALSO ASK YOU TO JOIN US IN OUR EFFORT TO CORRECT SOME MAJOR SHORTFALLS IN OUR COMMUNICATIONS SYSTEMS. OUR CONUS BASE, KOREAN, AND EUROPEAN TELEPHONE SYSTEMS ARE ANTIQUATED AND UNRELIABLE. THEIR CABLING, TELEPHONE INSTRUMENTS, AND HOUSE WIRING ARE OBSOLETE AND REQUIRE REPLACEMENT. ANOTHER AREA REQUIRING UPGRADING IS THE PENTAGON CONSOLIDATED TELECOMMUNICATIONS CENTER. HERE AGAIN, THE PROBLEM IS UNRELIABLE, OBSOLETE AND INEFFICIENT COMMUNICATION EQUIPMENT. THE IMPACT OF A COMMUNICATIONS FAILURE HERE WOULD BE SIGNIFICANT SINCE THIS SYSTEM PROVIDES COMMAND AND CONTROL TO ALL DOD-SUPPORTED COMMANDS AND EXECUTIVE AGENCIES. ANOTHER EQUALLY IMPORTANT INITIATIVE IN THIS CRUCIAL AREA IS THE FUNDING OF AN ADDITIONAL SATELLITE COMMUNICATIONS CAPABILITY FOR JOINT CHIEFS OF STAFF INTELLIGENCE INITIATIVES. TO PROTECT OUR COMMUNICATIONS SYSTEMS AGAINST ACTS OF VANDALISM AND LOW-LEVEL SABOTAGE, THE SECURITY OF CRITICAL COMMUNICATIONS SYSTEMS WILL BE UPGRADED BY THE ADDITION OF SECURITY FENCING AND LIGHTING, THE INSTALLATION OF INTRUSION DETECTION DEVICES AND OTHER MEASURES DESIGNED TO INSURE OUR ABILITY TO COMMUNICATE DURING THE EARLY STAGES OF CONFLICT.

REAL PROPERTY MAINTENANCE AND REDUCTIONS IN BACKLOG OF MAINTENANCE AND REPAIR ARE ALL PART OF A COMPLEX EQUATION TO IMPROVE MORALE AND ENHANCE READINESS. BY PROVIDING GOOD LIVING CONDITIONS FOR OUR SOLDIERS AND THEIR FAMILIES WE ARE SHOWING THEM THAT WE CARE. WE MUST ALSO MAINTAIN OUR TRAINING AND MAINTENANCE FACILITIES AT A LEVEL WHICH WILL ENHANCE, NOT DETRACT FROM, TRAINING AND MAINTENANCE. I AM PLEASED TO REPORT THAT CONGRESSIONAL SUPPORT OF THIS CRITICAL AREA, COMBINED WITH THE ARMY'S FACILITY STRATEGY OF PLACING GREATER EMPHASIS ON MAINTENANCE AND REPAIR, HAS RESULTED IN A REAL SUCCESS STORY. AS THIS CHART SHOWS OUR BACKLOG OF MAINTENANCE AND REPAIR WILL CONTINUE TO DECREASE DURING FY 85.

BMAR Reduction (President's Budget FY 85)



I WOULD AGAIN ASK FOR YOUR CONTINUED SUPPORT OF THIS PROGRAM.

AS I MENTIONED EARLIER, THE ARMY HAS BEEN SUCCESSFUL IN RECRUITING SOME OF THIS COUNTRY'S MOST ABLE CITIZENRY. ALTHOUGH MOST OF THESE YOUNG SOLDIERS WERE NOT MARRIED WHEN THEY JOINED THE ARMY, EXPERIENCE HAS SHOWN US THAT THEY WILL LATER MARRY. A BIG PART OF THEIR DECISION TO STAY IN THE ARMY WILL BE BASED ON THE ABILITY OF THE ARMY TO MEET NOT ONLY THEIR INDIVIDUAL NEEDS BUT THE NEEDS OF THEIR FAMILIES. IN RECOGNITION OF THIS, THE ARMY HAS MADE "THE ARMY FAMILY" THE FY 1984 THEME AND HAS IMPLEMENTED AN ARMY FAMILY ACTION PLAN DESIGNED TO IMPROVE THE RELATIONSHIP BETWEEN THE ARMY AND ITS FAMILIES. I HAVE USED THE PLURAL HERE BECAUSE WE VIEW THE ARMY FAMILY AS BEING COMPRISED OF THREE DIMENSIONS. THE FIRST IS THE TOTAL ARMY-ACTIVE, GUARD, RESERVE, CIVILIAN, RETIREES AND THEIR FAMILY MEMBERS. SECOND, IS THE FAMILY SENSE OUR SOLDIERS AND CIVILIANS HAVE TOWARD THEIR UNITS. FINALLY, THERE IS THE INDIVIDUAL'S SENSE OF FAMILY RESPONSIBILITY AND THE ARMY'S CONCERN FOR BOTH THE INDIVIDUAL AND THEIR FAMILIES. THE GOAL OF THE PROGRAM IS TO INSTILL AND REINFORCE THE SENSE OF LOYALTY AND RESPONSIBILITY OF OUR SOLDIERS TOWARD THE ARMY AS A WHOLE AND THEIR UNITS AND INSTALLATIONS IN PARTICULAR. BY THE SAME TOKEN, THE ARMY IS RE-DEDICATING ITS EFFORTS TO TAKE CARE OF ITS OWN. THIS INCLUDES PROVIDING OUR

SOLDIERS WITH MODERN EQUIPMENT, CONCERNED LEADERSHIP AND EFFECTIVE TRAINING. ALSO, AND EQUALLY IMPORTANT ARE THE IMPROVEMENTS IN THE LIVING AND WORKING CONDITIONS I MENTIONED BEFORE AND QUALITY OF LIFE IN GENERAL. THE REQUEST BEFORE YOU TODAY IS A STEP, ALBEIT A SMALL ONE, IN THAT DIRECTION. IT SUPPORTS IMPORTANT QUALITY OF LIFE INITIATIVES SUCH AS THE PROVISION OF ARMY CHILD CARE PROGRAMS TO THE FAMILIES OF OUR SOLDIERS STATIONED IN EUROPE; BACHELOR HOUSING FURNISHINGS; REDUCTION IN THE MORALE, WELFARE AND RECREATION, NONAPPROPRIATED FUND CONSTRUCTION BACKLOG; AND THE PROVISION OF HEALTH SERVICES TO HANDICAPPED DEPENDENT CHILDREN.

THE ARMY IS CONTINUING TO PLACE STRONG EMPHASIS ON ECONOMIES AND EFFICIENCIES AS A MEANS OF INCREASING PRODUCTIVITY WHILE DECREASING COSTS. WITHIN THE OMA APPROPRIATION ALONE, THE ARMY HAS REPORTED POTENTIAL SAVINGS OR COST AVOIDANCES OF NEARLY \$4.4 BILLION FOR THE PERIOD FY 1981-1989, AND NEARLY \$632 MILLION FOR FY 1985. SPECIFIC EXAMPLES OF POTENTIAL SAVINGS OR COST AVOIDANCES INCLUDE A GENERAL REDUCTION IN TEMPORARY DUTY TRAVEL. BY STRESSING ALTERNATIVE MEANS TO TRAVELING SUCH AS TELECONFERENCES, CORRESPONDENCE, AND VIDEOTAPES WE EXPECT TO REDUCE PROGRAMMED TRAVEL IN FY 1985 BY \$26 MILLION AND NEARLY \$148 MILLION FOR THE PERIOD FY 1981-1989.

YET ANOTHER EXAMPLE OF SAVING TAXPAYER DOLLARS IS THE DOD AND ARMY PROGRAM TO IMPROVE SPARE PARTS PROCUREMENT AND MANAGEMENT. AS A RESULT OF THIS PROGRAM, WE ESTIMATE THAT \$580 MILLION CAN BE SAVED FROM FY 1984-1989 BY SEPARATING SPARE PARTS ACQUISITION FROM THE ACQUISITION OF THE MAJOR ASSEMBLY, AND BY ESTABLISHING A CENTRAL HOTLINE FOR REPORTING SUSPECTED OVER AND UNDER-PRICED PARTS.

ANOTHER SMALLER BUT EQUALLY IMPORTANT SAVINGS WILL RESULT FROM A DECISION BY ONE OF OUR MAJOR COMMANDS TO REFURBISH UNSERVICEABLE DESKS RATHER THAN BUYING NEW ONES THEREBY SAVING NEARLY \$200 THOUSAND IN FY 1985.

IN ADDITION TO OUR COST SAVINGS INITIATIVES WE HAVE UNDERTAKEN TWO ACTIONS TO REDUCE YEAR-END SPENDING. FIRST, WE ARE MAKING A CONCERTED EFFORT TO GET ANNUAL CONTRACTUAL OBLIGATIONS ON THE BOOKS EARLY. THIS SHIFTS CONTRACTUAL ACTIONS TO A PERIOD IN THE FISCAL YEAR WHEN THE WORKLOAD CAN BE BETTER ACCOMMODATED. THE TABLE BELOW, COMPARING FY 1982 TO FY 1983 OBLIGATION PATTERNS, SHOWS THE EFFECT THAT THIS POLICY HAS HAD ON SHIFTING OBLIGATIONS AWAY FROM THE LAST THREE MONTHS OF THE FISCAL YEAR.

% ANNUAL PROGRAM OBLIGATED (CUMULATIVE)

	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>
FY 1982	8.9	19.4	28.2	35.9	43.0	51.1
FY 1983	13.1	22.2	30.3	38.5	45.6	53.3
	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>
FY 1982	58.5	64.9	72.2	80.4	88.3	100.0
FY 1983	60.8	67.6	74.9	82.5	90.6	100.0

SECOND, WE HAVE FULLY IMPLEMENTED THE STOCK FUND OBLIGATION INITIATIVE WHEREBY SUPPLIES ARE OBLIGATED UPON REQUISITION (VICE RECEIPT OF MATERIAL). THIS HAS SIGNIFICANTLY IMPROVED INSTALLATION CAPABILITY TO SYSTEMATICALLY EXECUTE THE PORTION OF THE BUDGET SET ASIDE FOR SUPPLIES BY ELIMINATING THE PRACTICE OF RESERVING SIGNIFICANT AMOUNTS OF FUNDS, LATE IN THE FISCAL YEAR, AS A BUFFER AGAINST LATE RECEIPT OF SUPPLIES.

A NOTE ON THE GRACE COMMISSION: ALTHOUGH WE CANNOT AGREE WITH THEIR TOTAL PROJECTED SAVINGS FIGURE, THE ARMY IS ESPECIALLY ENCOURAGED BY THE COMMISSION'S SUPPORT OF A NUMBER OF MANAGEMENT INITIATIVES WE HAVE IN PLACE. WE HAVE ALREADY

IDENTIFIED ECONOMIES AND EFFICIENCIES OF \$1.2 BILLION FOR THE PERIOD FY 1984-1989, WHICH ARE IN AGREEMENT WITH RECOMMENDATIONS OF THE GRACE COMMISSION. IN SPITE OF THE LIMITATIONS OF THE COMMISSION'S REPORT, WE EXPECT THAT SIGNIFICANT SAVINGS AND COST AVOIDANCES WILL BE ACHIEVED BY THE ARMY IN IMPLEMENTING A PORTION OF THE RECOMMENDATIONS.

AS I MENTIONED EARLIER, THE ARMY IS PROUD OF THE PROFESSIONALISM AND ESPIRIT DE CORPS DEMONSTRATED BY OUR SOLDIERS IN GRENADA. THIS WAS MADE POSSIBLE BY THE COLLECTIVE EFFORTS OF THE CONGRESS AND THE ARMY TO IMPROVE READINESS, SUSTAINABILITY, FORCE MODERNIZATION, AND FORCE STRUCTURE. THE REQUEST BEFORE THIS COMMITTEE TODAY PROVIDES THE MINIMUM LEVEL OF FUNDING REQUIRED TO SUPPORT THE CRUCIAL READINESS BUILDING BLOCKS RESPONSIBLE FOR THE IMPROVEMENT IN OUR READINESS CAPABILITIES.

Senator HUMPHREY. General Mahaffey, let us proceed in open session as far as we can in your presentation today.

General Mahaffey, are you prepared to talk about this sheet? Do you have a copy of this? Do you have a special presentation you want to make?

Just go ahead, if you will.

General MAHAFFEY. Mr. Chairman, I am not sure what specific question I am being asked to address.

UNIT STATUS REPORTS

I am prepared to describe in unclassified terms and in more detail the problem associated with our unit status reports in open session if you wish and then to take that further and describe how that translates into actual trends in unit status reporting in closed session or to answer these questions on training readiness indicators, if you wish.

Senator HUMPHREY. As far as you can in open session.

General MAHAFFEY. In a generic sense the problem that we are confronted with is illustrated here which describes the modernization process applied to the tank battalion.

What it says is that if we transition from the old family of tanks to the new M-1 tank and its associated companion and support items, we have elected in the Army to concurrently reorganize those tank battalions.

The net result of both the addition of new and modern equipment and reorganization in case of tank battalions means that we have a changed authorization requirement baseline.

That same process is generally true throughout the Army. As a matter of fact, there is virtually no unit within the Army, Active or Reserve, that will not be touched with the modernization process over the next 10 years.

Now, what does that mean in terms of our unit status report?

What it means is that even as additional resources are being appropriated by Congress, bought by the Army, and furnished to units in the field, the requirements and authorization baseline is

being changed, both in response to the threat and also in order to optimize the organizational structure and the employment of that new equipment.

In a reporting sense, when the authorization baseline is changed and before the full complement of the equipment has been received, is almost an instant drop in reported C ratings for equipment on hand despite the fact that actual readiness within that unit is increasing.

That is the sum and substance of our unit status reporting problem.

Senator HUMPHREY. We expect Senator Levin will be coming. I hate to go into closed session and return to open session.

Why don't we go into closed session at this point. You can conclude your presentation, that part of it that you want to do in closed session.

Will you appoint someone there to insure the security at the end of the room, please.

We will now proceed into closed session.

EXECUTIVE SESSION

Whereupon, at 10:45 a.m., the subcommittee proceeded in executive session.

Senator HUMPHREY. General Mahaffey, you may continue.

General MAHAFFEY. The process I described to you previously has translated itself into the following trend lines for both Active and Reserve major units over the past 3 years.

[Chart deleted.]

Major units are defined as including our divisions, separate brigades, and the armored cavalry regiment.

As you see, over that series of time we have had a substantial increase in the number of units reporting C-3 or above in the areas of training and personnel, about 35 percent increase in the number of units reporting C-3 or above in training, 63 percent in the case of personnel.

Conversely, at the same point in time, as a result of the phenomenon that I have described to you, we have had a downward trend in the equipment on hand ratings that reflect more than anything else the changed authorization baseline.

It is the lower of these three ratings that constrains the overall unit status report rating which comes up from our battalions, squadrons, and commands.

Senator HUMPHREY. Do you have any graph that shows the corrected ratings to filter out this misleading factor?

General MAHAFFEY. No, I do not, Mr. Chairman. It is a virtual impossibility. Because of the extent of the change that occurs within our units over time, it would be next to impossible to either maintain or go back and recapture a normalized set of trend lines.

For example, and in response to one of the questions that the committee forwarded to us, over the past 3 years the average TO&E unit, TO&E or tables of organization and equipment, the model, if you will, for the design of that unit and, for the most part, of our battalion and squadron level units has undergone up to six major TO&E changes.

In addition to that, we have an enormous number of individual line item changes that occur as a result of the modernization process on almost a semiannual basis.

This last update for the Army in the field, for example, involved something in excess of 165,000 individual line item changes in the authorization document.

So, you can get some feel from that as to the complexity and difficulty of trying to maintain two sets of books.

I might also respond to a second question asked by the committee by going into a few more definitions.

[Chart deleted.]

We were asked to describe the general trend in terms of ALO. ALO is a term used to describe the authorized level of organization, really the authorized level to which we are going to try to fill people and equipment within a unit.

Over the past 3 years the trend has been toward a substantial decrease in the number of units which we, the Army, identified as ALO 1. ALO 1 means we are going to try to fill that unit at 100 percent of its people and 100 percent of its equipment.

So, we have a decrease in the number of units so identified.

We have at the same time increased the number of units we have identified for fill at 90 percent of the personnel authorized.

Now, this is indirectly related to the unit status report in the sense of the C ratings, C-1, C-2, and C-3. We would hope that the unit C rating would equal or exceed the ALO. That, in effect, is a measure of our ability to get the resources to that unit which we have authorized for it.

That is still somewhat different than the full wartime requirement which is the baseline against which we measure the C rating for wartime readiness purposes.

The general trend then has been a decrease in the number of ALO 1 units and an increase in the number of ALO 2 units.

Here we have tried to lay out for you the trend as applied to the number of units that have either met or exceeded their assigned ALO in their C rating over time.

You see for training, personnel, and overall, the number of units that have met or exceeded their ALO has increased over that period of time, despite the downward trend in equipment.

I am prepared to go into any more detail that you might want, Mr. Chairman.

Senator HUMPHREY. We have a number of questions that we will submit to you, gentlemen, in writing.

[Questions submitted by members of the Senate Armed Services Preparedness Subcommittee to be answered for the record follow:]

QUESTIONS SUBMITTED BY SENATOR GORDON J. HUMPHREY

TABLE OF ORGANIZATION AND EQUIPMENT (TO&E) CHANGES

Senator HUMPHREY. One explanation given to declines in certain readiness measurements is TO&E changes. When a unit changes its organizational tables to reflect new equipment, it may be reported as not combat ready because all of the new equipment has not arrived or the unit is measured against a new and more stringent standard. General Mahaffey, why is no empirical data presented to support that argument? What has been the magnitude of TO&E changes at the battalion/squadron level since 1980?

General MAHAFFEY. The issue at hand is not TOE changes, but MTOE changes which provide each organization with its respective allowances. The TOE is an objective model, fully modernized, that portrays the organizational design at the end of the POM. This model is refined every six months to reflect all approved changes to the future design. Since 1980, there have been a multitude of new weapon systems and new restructured organizations that have influenced the objective TOE.

The MTOE, or organization document, reflects a near-term snapshot of the organization design as it transitions toward the objective model. Equipment reflects on the MTOE is usually either on-hand or projected for receipt in the near future. When the MTOE is updated at six month intervals, it provides the organization with the authority to requisition new items of equipment.

Once a unit's MTOE is changed to reflect new or increased quantities of equipment, an eleventh hour fiscal constraint may dictate that a particular item of equipment will not be resourced, or it may have been resourced and subsequently diverted for another higher priority. There will then be an imbalance between the unit's documented capability and its actual capability. Thus, even if the Army were to deliver a large number of new, more capable items to a unit, the shortage of undelivered items could cause a decline in the unit's reported status. However, the organization, by virtue of the new equipment, may be much more capable.

The Army is involved in a rapid and intensive period of modernization. There are ongoing efforts to enable leadership to cope with the multitude of changes which are manifested in problems such as those cited. Mature management-of-change techniques are being incorporated into regulatory guidance for Army-wide use. We are now much more deliberate and sophisticated in integrating the various functional aspects associated with modernization management. We are confident we will master the inherent challenges.

UNIT READINESS

Senator HUMPHREY. Do we really know how ready units are during transition?

General MAHAFFEY. The status of a unit is a dynamic concept and much more involved than merely a static measure of resource fill. As stated earlier, readiness is dependent on the force's ability to mobilize, deploy and employ. Any evaluation must take into consideration the theater and the threat anticipated while also weighing the critically important indicators of readiness: both the quantity and quality of associated manpower, equipment, training and supportability. These indicators, tempered by the good judgement of experienced Army leaders, provide the information necessary to assess readiness status. I believe that these factors do indeed provide us a valid assessment of our unit's readiness status.

TRAINING DAYS

Senator HUMPHREY. General Mahaffey, training days for units in the Army have generally declined since 1982.

What is the reason?

General MAHAFFEY. Training activity in terms of battalion training days has remained relatively constant since 1982. Units reporting have declined from 332 in 1982 to a projected 318 in 1985. Associated decline in numbers of days for training should be expected.

SPARE PARTS SHORTAGES

Senator HUMPHREY. General Mahaffey, one reason for the decline of readiness of Army Divisions as reported by the unit readiness reporting system (UNITREP) has been equipment/supplies on hand.

What is the relationship of this measurement to the availability of spare parts?

General MAHAFFEY. The unit status report is primarily a management tool for comparing on-hand personnel and equipment resources with the wartime requirements specified in our authorization documents. The report also provides the means for a subjective training and overall rating by the unit commander. There are five elements of rating within the report to measure the personnel and equipment resources; overall rating, personnel rating, training rating, equipment on-hand rating and the equipment readiness rating. For the Army, only the equipment readiness (ER) has relationship to spare parts. Equipment may be not mission capable either for lack of spare parts, or because of lack of qualified mechanics, tools, or work space, thus the ER rating may be degraded due to lack of spare parts. The ER rating is computed based upon the amount of operational equipment on-hand in a unit compared to the MTOE wartime requirement. Equipment is counted as non-

operational for ER purposes either because it is not on hand (short) or because it is not mission capable (broken).

READINESS PROBLEMS NOT RELATED TO O&M

Senator HUMPHREY. General Mahaffey, readiness problems identified in the UNITREP system and elsewhere are not entirely related to deficiencies in O&M (for example, supply/equipment fill).

List and describe those that are and those that are not.

How would you describe their relative priority?

Have there been imbalances in investment accounts?

Can they be justified?

General MAHAFFEY. As I indicated in my testimony, every indicator that we have available in the Army tells us that we have more and better people, more and better equipment, better training and better support capability than in 1980—and that's what constitutes improved readiness. We are not satisfied with this improvement however, and continue to work to increase Army preparedness.

Some aspects of readiness are funded by O&M such as spare parts, maintenance, training, and personnel readiness. On the other hand, Army equipment fill, as measured by UNITREP, is almost exclusively funded by the procurement appropriations. The most significant factor that prevents UNITREP ratings from improving is the Army's equipment shortages. As I mentioned before, Army personnel and training ratings have improved 63 percent and 35 percent respectively since 1980.

The readiness of the Army is increased by our efforts to modernize, to sustain better, to improve training and to achieve an optimal force structure. The essential element is an effective balance among these initiatives.

1980 TO 1983 CHANGES

Senator HUMPHREY. General Mahaffey, as measured by Force Structure, Modernization, Readiness, and Sustainability (the four pillars), is the Army better off than in 1980?

General MAHAFFEY. As I highlighted in my past 3 years the Army has made significant improvements in its testimony, in the readiness posture. Emphasizing the inextricable linkage between Force Structure, Modernization, Readiness and Sustainability, Army Readiness has improved proportionately to increase defense spending. The Army is much more prepared than in 1980.

RESOURCES TO READINESS

Senator HUMPHREY. General Mahaffey, don't we have more measurements outside of the UNITREP system than inside it? If so, why use it? How long will it be before our ability to relate resources to readiness or aggregate military capability will be reflected in some kind of index more broadly based than the UNITREP system? This subcommittee asked in 1981 that this be given greater attention. What has been done? What can we do to speed the process?

General MAHAFFEY. There are more readiness indicators outside of the UNITREP system than there are inside of it. Nevertheless, UNITREP is still a viable management tool and should not be discarded solely because that system is not "all-inclusive". UNITREP is the JCS system used by all services to provide one indicator of readiness. It provides a set of common standards and methodology among services. It is a relatively simple system and involves the entire chain of command from the bottom to the top. UNITREP addresses several key personnel, equipment, maintenance and training factors and allows leaders at all levels to focus on problems in these areas. In general, the UNITREP system performs well in measuring quantifiable but does not adequately address those less quantifiable factors associated with quality of both people and equipment.

Some of the factors not addressed through UNITREP system include the following: Individual Ready Reserve strength; full time manning; high school graduates; mental category profiles; crime statistics; absenteeism; product improvement programs; range modernization programs; training improvements; Logistics Over-The-Shore (LOTS) improvements, Near-Term Prepositioned Force (NTPF) improvements, and capability improvements realized as a result of our modernization efforts.

The Army and the Department of Defense continue their effort to relate resources to readiness. Readiness Information Exchanges that bring together analysts and managers through DOD, Governmental Agencies, Academics, Research Firms, and Industry are conducted, semi-annually. The next scheduled readiness information exchange will be conducted in August 1984. This particular program will be held in

conjunction with the Military Applications Section of the Operations Research Society of America. One of the primary topics of this conference will be relating resources to readiness. The ability to establish the desired relationship between resources and readiness is a difficult problem that is receiving emphasis within the defense community. Everyone involved in the resourcing of readiness would prefer to have such a measurement tool.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

DEPOT MAINTENANCE

Senator LEVIN. DOD claims improvements in the depot maintenance of the services. However, is it not true that backlogs for depot maintenance of the services increased by disturbing percentages between fiscal year 1981 and the fiscal year 1985 budget request: Army, 51 percent; fiscal year 1981, \$87 million; fiscal year 1982, \$0; fiscal year 1983, \$24 million; fiscal year 1984, \$129 million; fiscal year 1985, \$131 million?

General MAHAFFEY. That is correct. However, despite the introduction of numerous new systems, continued support for older systems, and the need to protect the longer-term readiness benefits of modernization, the fiscal year 1985 program is funded at 93 percent of requirements, compared to 92 percent for the fiscal year 1981 program, a modest improvement.

Senator LEVIN. How does this performance match the administration's bold words just two years ago that it would eliminate all depot maintenance backlogs by the end of fiscal year 1983.

General MAHAFFEY. Affordability constraints and the increasing requirements due to new systems and the need to adequately support older systems have precluded the Army from achieving this goal.

TRAINING

Senator LEVIN. Training is another area in which the administration contends there has been real progress since it took office. You quote statistics on flying hours for the Navy and the Air Force, and battalion training days for the Army.

Unfortunately, you quote aggregate figures which mask the real declines in readiness which the Reagan defense budgets have imposed on many particular components of our front-line combat forces.

For example, is it not true that since fiscal year 1981-1983 there have been the following declines in readiness (pick the ones you like best from the list)?

Ground forces	Fiscal year—		Differences (percent)
	1982	1985	
Army battalion training days:			
Armor battalions	157.6	156.3	— 1.0
Mechanized infantry battalions.....	191.7	147.1	— 23.3
Air cavalry squadrons	223.3	196.8	— 12.0

General MAHAFFEY. Battalion training days by themselves are not an adequate measure of force readiness. Only active component, major combat units report to Department of the Army in terms of battalion training days. The purpose of these data is to allow major subordinate commands a means to express general training tempo.

Battalion training days, as a measure of activity, were first reported in 1982. Criterion for reporting was improved in 1983 to exclude garrison training. Some decline from FY82 to FY83 is therefore noted. Training days forecasted for FY85 are based on number of units in the force structure. Figures show a decline in units reporting and, therefore, a reduction in the number of training days. General level of activity, however, remains relatively constant.

ARMY BATTALION TRAINING DAYS (BTD'S) BY FISCAL YEAR

Type of unit	Actual 1982		Actual fiscal year 1983		Estimated 1985	
	Number of units	BTD's	Number of units	BTD's	Number of units	BTD's
Armor battalion	56	8,824	56	8,830	54	8,840
Infantry battalion (Airborne, Ranger, Air Assault infantry)	55	10,543	55	10,139	56	10,595
Mechanized infantry battalion	58	8,583	58	8,911	46	6,768
Field artillery battalion	88	13,860	88	13,900	88	13,964
Armored cavalry squadron	20	2,958	20	3,365	19	3,162
Air cavalry squadron	7	1,563	7	1,258	9	1,771
Engineer battalion	48	7,364	48	7,507	46	7,170
Total	332	53,965	332	53,937	318	51,870

FLYING HOURS

Senator LEVIN. Army attack helicopter flying hours per crew per month also declined 9.6 percent, from 10.4 hours in fiscal year 1983 to 9.4 hours in fiscal year 1985. How much of this decline is due to insufficient spares funding in previous years?

General MAHAFFEY. The 9.6 percent decline from 10.4 hours in fiscal year 1983 to 9.4 hours in fiscal year 1985 summarizes actual and projected flying hours for attack helicopter crews at selected locations. Total flying hours for attack helicopters actually increase each fiscal year. Flying hour program for fiscal year 1983—114.6K; fiscal year 1984—120.3K; fiscal year 1985—129.9K. There are sufficient spares funded to support these flying hour programs.

PROGRAM BALANCE

Senator LEVIN. The question about "balance" is a critical one, because many of us believe that the Reagan program underfunds needed combat readiness improvements, especially in the conventional forces areas, so it could buy fancy, "big ticket" procurement items, not the procurement which contributes to readiness like munitions, spare parts, unglamorous radios, et cetera.

I wonder how you can reconcile DOD's claim of balance in the past budgets with the following contradictory information:

1. Procurement for spares, repair parts, support equipment and ammunition actually declined as a percentage of the overall procurement budget by 18 percent from fiscal year 1982 to fiscal year 1983.

2. Despite large increases for nuclear weapons procurement from fiscal year 1982 to fiscal year 1983, funding for Army spares grew only by 2 percent during that period.

What real growth does the fiscal year 1985 budget contain over fiscal year 1984 in the Army budget in the following areas: spares, repair parts, support equipment, ammunition?

General MAHAFFEY. The fiscal year 1985 Army budget contains real growth of 23 percent in ammunition, 24 percent in procurement of support equipment, and 6 percent in spares and repair parts. While even these growth rates will leave us with shortfalls, we clearly are making improvements in these essential elements of readiness. I should also point out that the implied message, that "fancy, 'big ticket' procurement items" do not contribute to readiness, could not be further from the truth. As the Secretary of the Army and Chief of Staff have often pointed out, readiness and "big ticket" procurement are not separate and distinct from one another. They are inextricably linked, since an Army that is ready is one that is equipped with the right quantities of up-to-date equipment capable of defeating the highly-modernized enemy forces we may have to face.

Senator LEVIN. Late last year, Assistant Secretary, Defense, for Logistics, Larry Korb, told an Air Force Association symposium the following about the Reagan defense spending priorities:

"In both the fiscal year 1983-1987 and fiscal year 1984-1988 programs most of the money programed for sustainability was in the out years: fiscal year 1986-1988."

Has this occurred in the fiscal year 1985-1989 program?

General MAHAFFEY. Yes, for many reasons inherent in the programing process, a significant amount of the sustainment function is portrayed as being funded in the outyears. The amount of money programed for sustainment is a function of near and longer term priorities. In the near term our emphasis is on the improvement of readiness and the fielding of the weapons systems and equipment that provide improved battlefield capabilities. As these capabilities are realized funds should be available for increased investment in improved sustainability. It is a step-by-step process in which the needs of the peacetime forces are balanced against our total wartime requirements. Significant progress has been made to improve these funding profiles in the areas of secondary items and ammunition war reserves, and spares and maintenance funding.

Senator LEVIN. Dr. Korb added: "Historically, outyear increases disappear. . ." Are you concerned that history will repeat itself with the later years of the fiscal year 1985-89 program?

General MAHAFFEY. We are, as I responded above, showing real growth, year to year, in the most critical aspects of sustainability. We are focusing our attention on retaining real near term growth, within an executable range of expenditures, and that is the real measure by which our budget should be judged.

Senator LEVIN. Dr. Korb pointed out how much the administration has spent to buy ammunition in the program. General Mahaffey, isn't it true that the fiscal year 1985 budget cuts Army tactical missile procurement by about 500 missiles compared to what the administration said last year it would buy this year?

General MAHAFFEY. Yes, the Army's tactical missile procurement in the fiscal year 1985 column of the fiscal year 1984 budget was 77,923 missiles. The fiscal year 1985 column of the fiscal year 1985 budget is 77,443 missiles, which is 480 less tactical missiles.

Senator LEVIN. General Mahaffey, is it not true that this budget also projects that the administration's fiscal year 1986 budget will buy about 1,000 fewer tactical missiles for the Army than were projected last year for fiscal year 1986?

General MAHAFFEY. Yes, the fiscal year 1985 budget reflects approximately 1,000 less TOW 2 tactical missiles than the fiscal year 1984 budget.

Senator LEVIN. Just recently NATO's Commander, General Bernard Rogers urged: "My plea is: Don't cut operations and maintenance. You're cutting training days, flying hours, steaming hours."

Would you agree we should minimize cuts in the O&M and other combat readiness accounts?

General MAHAFFEY. I would certainly agree with General Rogers' plea that Congress not cut our O&M accounts, and would add my own plea that Congress minimize cuts in all elements of the Army's budget. Army readiness is improved not only by the O&M accounts that General Rogers speaks of, but also by our investment in modern weapon systems capable of defeating our potential adversaries. The balance between O&M and the investment accounts in our budget is intended to maximize readiness improvements, and we ask Congress' support in keeping the budget intact and in balance.

Senator LEVIN. Now let's look at the rest of the Army's budget outlined in the Joint Posture Statement submitted by Secretary Marsh and the Chief of Staff, General Wickham. It is replete with references to the Army's combat readiness shortfalls: Shortfalls in ability to mobilize enough skilled manpower; reserve components that fail desired readiness standards, especially in the combat service support forces; critically low war reserve stocks to replace expected combat losses especially ammunition; insufficient chemical warfare decontamination equipment; shortages of experienced NCOs in the combat and intelligence troops; serious shortfalls in the Logistics-Over-The Shore equipment delivery capabilities so important to our Rapid Deployment Forces; a depot maintenance backlog, even though this administration pledged 2 years ago to reduce such backlogs to zero at that time; and major shortages for supporting systems and equipment, including battlefield recovery, ammunition handling and distribution, and petroleum distribution.

In each category, how does the fiscal year 1985 budget improve this situation?

Are there sufficient funds in the fiscal year 1985-89 program to eliminate each problem?

If not, by when does the Army expect to do so, given current funding levels programed as expected?

General MAHAFFEY. I will address each of your questions individually.

Mobilization of Skilled Manpower.—The primary sources of individual reserve pretrained manpower available to the Army are found in the Individual Ready Reserve (IRR) and the Individual Mobilization Augmentation (IMA) Program.

The acknowledged shortfall in these pretrained manpower sources will be somewhat reduced through the following:

Fiscal year 1984 Authorization Act authorized the services to increase the Military Service Obligation (MSO) from six to not more than eight years.

Fiscal year 1984 Authorization Act authorized an IRR reenlistment bonus. The Secretary of the Army has authorized a 2-year IRR who will reach 20 years of qualifying service on that contract.

The fiscal year 1985 budget continues these initiatives by requesting \$65.2 M for mobilization training for the IRR and \$22.2 M for training the IMA personnel. \$9.8 M is in the OSD budget to fund the IRR reenlistment bonus. While these initiatives will reduce the personnel shortfall, the funds requested will not eliminate the problem.

Reserve Component Readiness.—The fiscal year 1985 budget is designed to continue to improve Reserve component readiness through a number of diversified programs. The trends in personnel readiness should continue upward with increased funding for Reserve component recruiting (\$13 million for the ARNG, and \$6.8 million for the USAR in fiscal year 1985 constant dollars). Active Guard/Reserve strength (AGR), which includes the Full Time Manning Program, is projected to increase 10,000 and 6,000 respectively while military technicians are scheduled to remain at fiscal year 1984 levels. The fiscal year 1985 budget provides for an increase in personnel strengths of 20,300 in the USAR and 14,200 in the ARNG. During fiscal year 1985, more than 10,000 items (approximate cost of 1.4 billion dollars) will be distributed to Reserve component units. This is made up of prior year new procurements and other distribution. Included in these new equipment distributions are 300+ tanks, 400+ Infantry track vehicles, and 8,000+ trucks as well as numerous items that have been displaced by modernization equipment in higher priority units. Training readiness continues its positive trends in fiscal year 1985. Minimum essential equipment to permit training at the unit level throughout the RC is being addressed in the fiscal year 1985 budget. Two of the more significant improvements in the area of training are increased use of new equipment training teams and increased RC participation in National Training Center (NTC) rotations. While fiscal years 1983 and 1984 permitted only one RC battalion to participate in NTC exercises, five will participate in fiscal year 1985.

In summary, the fiscal year 1985 budget addresses the Reserve components within established priorities as part of the total force. The most significant readiness shortfall, equipment shortages, is supported, to the extent possible, through the fiscal year 1985 procurement request for the total Army. The ARNG and USAR will both experience increases in Enlistment Bonuses, Training Funds, and Organizational Clothing and Equipment. Both the National Guard and the USAR are projected to increase Operation and Maintenance Funding in the fiscal year 1985 budget (fiscal year 1984 levels were \$1.187 billion and \$692 million respectively while fiscal year 1985 levels of \$1.405 billion and \$715 million respectively have been submitted in the fiscal year 1985 budget). The increases requested in fiscal year 1985 will continue to improve the capabilities of our total force; however, those increases will not eliminate all of our readiness shortfalls.

War Reserve Stocks.—The fiscal year 1985 request increases war reserves stocks of ammunition, secondary, and major items in all theaters. The fiscal year 1985 request and projected future requests increase war reserve stocks in balance with other Army requirements. Combat sustainability will continue to improve over the long term.

Chemical Warfare Decontamination Equipment.—While the Army has 90 percent of authorized power driven decontamination (M12A1, 500 gal.) equipment, the capability of the M12A1 is quite limited. New unit level equipment under development will overcome current deficiencies. Procurement of the lightweight decon apparatus (XM17) for battalions and NBC companies in light divisions is scheduled to start later this fiscal year (fiscal year 1984). The diesel powered, skid mounted, decon apparatus (XSM18) for NBC companies in heavy divisions is targeted for type classification in fiscal year 1986 and funds are programmed for initial procurement in fiscal year 1987. (The M13 decon apparatus man-portable, designed for limited decon of vehicles, is currently in procurement and is scheduled for initial fielding in fiscal year 1985). Current fiscal year 1985-89 procurement funding fills about 50 percent of the requirement for initial issue and 30 days war reserves.

Experienced NCOs.—The fiscal year 1985 retention incentives, as identified in the fiscal year 1985 President's budget, are sufficient to sustain our combat arms NCO manning and correct the intelligence skill shortfall. Current retention and recruiting resource programming for fiscal year 1986 and beyond is being reviewed to ensure our force alignment can be sustained. While funds requested for fiscal year

1985 are sufficient, the fiscal year 1984 reenlistment bonus appropriation was insufficient and additional funding is needed.

Logistics Over the Shore.—The fiscal year 1985 budget provides additional funds for the upgrading and modernization of the Army's watercraft fleet. Major purchases in the fiscal year 1985 budget include the second of four Logistics Support Vessels (LSVs) which provide for intra-coastal movement of general cargo/vehicles (2000 ST) or 11,000 barrels of bulk liquid. Funds are also programmed for the procurement of four Landing Craft Utility (LCU) to fill current Army shortages. The beach interface capability is provided by two RO/RO discharge platforms and three floating causeways that are in the fiscal year 1985 budget.

Depot Maintenance.—The fiscal year 1985 Army O&M appropriation, as included in the President's budget request, provides for total depot maintenance funding of \$2.271 billion. This represents an increase of \$414 million dollars over the depot maintenance funding of fiscal year 1984. As a result, though not fully funded, the depot maintenance program shows substantial improvement in both materiel maintenance and maintenance support activities. The unfinanced requirement for maintenance support activities decreases from \$370 million in fiscal year 1984 to \$269 million in fiscal year 1985. The decision to continue a manageable unfinanced requirement was made consciously by the Army in light of overall funding constraints. The Army accepts the potential short term risks in readiness that this funding level causes, in order to achieve the long-term readiness benefits of modernization.

Supporting Systems and Equipment.—The Army does have significant shortages of supporting systems and equipment. New equipment is required to satisfy total requirements and to replace older items as they are washed out of the inventory. The fiscal year 1985 budget and the program through fiscal year 1989 both contain funding for the procurement of new equipment. These funds will help offset some of the current shortfall, but the total requirement will still not be satisfied. The Army plans for the continued procurement of ammunition handling equipment, battlefield recovery, and petroleum distribution equipment in an effort to satisfy all requirements, but the realities of scarce resources, competing requirements, and changing priorities prevent us from providing a date when all requirements will be met.

ARMY READINESS SHORTFALLS

Senator LEVIN. Other known Army readiness shortfalls are: Not even enough individual clothing and equipment to outfit the required number of recruits upon mobilization, and probably not enough money in the fiscal year 1985-1986 defense program to buy enough; a \$1.6 billion backlog in facilities maintenance and repair, with no reduction to manageable levels until end of fiscal year 1989; possible reduction in ammunition procurement rates in fiscal year 1985, despite ammunition shortfalls; major shortages in Reserve/National Guard equipment, even at end of fiscal year 1985-89 program; and a \$1.25 billion set of deficiencies in laidaway ammunition production base facilities and equipment, according to GAO, with only about \$150 million in the Army's fiscal year 1986-1990 plans to begin addressing it.

In each category, how does the fiscal year 1985 budget improve this situation.

Are there sufficient funds in the fiscal year 1985-1989 program to eliminate each problem?

If not, by when does the Army expect to do so, given current funding levels programmed as expected?

General MAHAFFEY. I will address each of your questions individually.

Individual Clothing and Equipment.—The program objective is 223,000 sets of individual clothing and equipment to outfit recruits upon mobilization. This is the maximum allowed by law. The Army purchased 50 K sets to date and plans approximately 20 K sets for each year of the POM.

Backlog in Facilities Maintenance and Repair.—The Army remains committed to reducing the backlog of maintenance and repair (BMAR). While the Army has not been able to apply funds to continue the rate of progress enjoyed in fiscal years 1982 and 1983, the backlog is programmed to continue its decline throughout the next 5 years, meeting the congressional containment level during fiscal year 1989.

Ammunition Procurement.—The Army is examining ammunition rates for its European and Korea scenarios. The rate studies are still being conducted and were not entered in the fiscal year 1985 budget request for ammunition. It is too early to predict what effect these studies will have on ammunition rates.

The fiscal year 1985 ammunition budget, as submitted to Congress, reflects an increase of \$513.9 million over the fiscal year 1984 appropriation program. This results in a 26 percent increase in funding from fiscal year 1984 to fiscal year 1985.

The fiscal year 1985 ammunition budget provides for (a) additional funds for training ammunition (b) increases war reserve stocks (c) funds various smart munitions, and (d) provides funds in support of modernization, expansion, and maintenance of the production base.

Reserve Component Equipment.—Perhaps the most critical problem affecting Army Readiness continues to be shortages of equipment to fill the Army's force structure. These shortages continue to be particularly acute in those units identified as late deployers which are most prominent in the Reserve Components. In order to meet the equipment needs of the total force, the Army has maintained a policy of first equipping those units designated as first to fight. By necessity, this policy precludes the filling of lower priority units in as timely a manner as the Army would like. The Army equipment shortage problem is long-standing and cannot be solved overnight. [Deleted] These shortages do not include \$682 million that Congress cut from the OPA account in the fiscal year 1984 budget.

Continued Congress support is necessary to solve Army equipment shortages.

Tactical Vehicles.—Given current funding levels, the Army cannot expect to eliminate the shortage of tactical vehicles until well into the 1990's. The shortage to current major tactical vehicle programs alone exceeds 119,000. The fiscal year 1985 budget reduces these major tactical vehicle program shortages from 119,000 to 99,000. A shortage of 90,000 vehicles will remain in these programs by the end of FDP89.

Laidaway Ammunition Production Base Facilities.—The fiscal year 1985 request contains funds to support maintenance of the existing inactive ammunition production base. The fiscal year 1985 ammunition production base program does not contain any request for funds to eliminate the \$1.3 billion deficiencies cited by the General Accounting Office in February 1983. The Army is examining a minimum level funding to address the GAO deficiencies, but must do so within the context of other Army priorities.

In summary, I would like to emphasize that within funding levels given to the Army we have made a judicious and sound allocation of resources to achieve balance with and between programs.

ARMY READINESS

Senator LEVIN. General Mahaffey, is it true that there were fewer Army divisions rated "fully" or "substantially ready" in August 1983 than there were in December 1980?

General MAHAFFEY. Within the Unit Status Reporting System the terms "fully" and "substantially ready" equate to the ratings of C-1 and C-2 respectively. [Deleted.] The 8 Reserve Component units included in these figures have an authorized level of organization of 3, therefore, they are not expected to have a rating over C-3. [Deleted.] However, this does not necessarily mean that we have had a corresponding reduction in the readiness of these major combat units. In fact, the Army considers many of these units to be much more ready to perform their wartime missions today than they were in 1980.

To understand this we must understand the Unit Status Report and what it does and does not do. The Unit Status Report does provide the Army with a valuable management tool that compares on-hand personnel and equipment with wartime requirements, and a subjective training rating. The unit's overall unit status is equal to the lowest rating computed in these three areas. The Unit Status Report provides a snapshot of a unit's condition at a point in time, as such, it is basically a "static" indication of readiness. The Unit Status Report does not equal Army readiness and capabilities. The readiness and capabilities of a unit are dependent on many factors to include the size, type and location of the threat, and such factors as unit status, ability to mobilize and deploy, quality of equipment and soldiers, effective leadership, and fill of war reserves. In evaluating a unit's readiness and capabilities we must properly interpret Unit Status Reports and examine other Army indicators such as I outlined in my prepared testimony.

1980 Unit Status Reports reveal that the primary problem that existed at the time was a shortage of personnel (particularly senior grade). August 1983 reports show that significant improvements have been made in the rated areas of personnel, training, and equipment operational readiness rates since 1980. Equipment on-hand ratings, however, do not show the same improvement despite major readiness and capability gains achieved through modernization (equipment ratings are holding down overall ratings). The primary reasons for this are that the Unit Status Reporting System is not designed to fully reflect improvements in Army readiness and capabilities resulting from modernization (e.g., the Unit Status Report counts an M60

tank the same as an M1 tank) and documentation changes during modernization are degrading unit status ratings. Document changes for equipment are being made to support new organization designs and doctrinal concepts that optimize our ability to achieve maximum combat effectiveness from our forces. As soon as a unit's wartime requirements are changed, it must compare its on-hand equipment to new requirements. As a result, unit status ratings can drop overnight, although unit capabilities have not been decreased by the paper changes. As new equipment is received, readiness and capabilities increase but the unit status report will not change until enough equipment has been received to meet the newly established criteria. As the pace of modernization declines and documentation procedures are revised (to better match authorization changes to the fielding of equipment) Unit Status Reports will better reflect the actual status of equipment-on-hand in units.

In summary, during modernization transition overall unit status ratings are being driven by equipment-on-hand ratings that belie the many equipment gains made since 1980. To evaluate the readiness and capabilities of a unit many factors in addition to unit status must be considered. The preponderance of these factors reveals that the Army has been very successful in upgrading the readiness and capabilities of the "Total Army" since 1980.

ARMY READINESS DECLINE

Senator LEVIN. General Mahaffey, is it true that there were fewer Army separate brigades and regiments rated "fully" or "substantially ready" in August 1983 than there were in December 1980? What is the reason for the overall decline in Army readiness?

General MAHAFFEY. Within the Unit Status Reporting System the terms "fully" and "substantially ready" equate to the ratings of C-1 and C-2 respectively. [Deleted.] Twenty seven of the 29 Reserve Component units included in these figures have an authorized level of organization of 3, therefore, they are not expected to have a rating over C-3. [Deleted.] However, this does not necessarily mean that we have had a corresponding reduction in the readiness of these major combat units. In fact, the Army considers many of these units to be much more ready to perform their wartime missions today than they were in 1980.

To understand this we must understand the Unit Status Report and what it does and does not do. The Unit Status Report does provide the Army with a valuable management tool that compares on-hand personnel and equipment with wartime requirements, and a subjective training rating. The unit's overall unit status is equal to the lowest rating computed in these three areas. The Unit Status Report provides a snapshot of a unit's condition at a point in time, as such, it is basically a "static" indication of readiness. The Unit Status Report does not equal Army readiness and capabilities. The readiness and capabilities of a unit are dependent on many factors to include the size, type and location of the threat, and such factors as unit status, ability to mobilize and deploy, quality of equipment and soldiers, effective leadership, and fill of war reserves. In evaluating a unit's readiness and capabilities we must properly interpret Unit Status Reports and examine other Army indicators such as I outlined in my prepared testimony.

1980 Unit Status Reports reveal that the primary problem that existed at the time was a shortage of personnel (particularly senior grade). August 1983 reports show that significant improvements have been made in the rated areas of personnel, training, and equipment operational readiness rates since 1980. Equipment on-hand ratings, however, do not show the same improvement despite major readiness and capability gains achieved through modernization (equipment ratings are holding down overall ratings). The primary reasons for this are that the Unit Status Reporting System is not designed to fully reflect improvements in Army readiness and capabilities resulting from modernization (e.g., the Unit Status Report counts an M60 tank the same as a M1 tank) and documentation changes during modernization are degrading unit status ratings. Document changes for equipment are being made to support new organization designs and doctrinal concepts that optimize our ability to achieve maximum combat effectiveness from our forces. As soon as a unit's wartime requirements are changed, it must compare its on-hand equipment to new requirements. As a result, unit status ratings can drop overnight, although unit capabilities have not been decreased by the paper changes. As new equipment is received, readiness and capabilities increase but the unit status report will not change until enough equipment has been received to meet the newly established criteria. As the pace of modernization declines and documentation procedures are revised (to better match authorization changes to the fielding of equipment) Unit Status Reports will better reflect the actual status of equipment-on-hand in units.

In summary, during modernization transition overall unit status ratings are being driven by equipment-on-hand ratings that belie the many equipment gains made since 1980. To evaluate the readiness and capabilities of a unit many factors in addition to unit status must be considered. The preponderance of these factors reveals that the Army has been very successful in upgrading the readiness and capabilities of the "Total Army" since 1980.

ARMY SUPPLY READINESS

Senator LEVIN. General Mahaffey, it appears that supply readiness for Army units has been decreasing steadily since the beginning of fiscal year 1981.

What is the reason for this steady decline in Army supply readiness?

General MAHAFFEY. Readiness of the Army has not declined since fiscal year 1981, instead just the opposite is true. There have been significant improvements in the areas of real readiness and capability in recent years. It is paradoxical that unit status ratings do not reflect the many improvements in Army readiness. The reason for this is that the unit status reporting system was not designed to completely reflect improvements in capability or readiness resulting from modernization. Also, the numerous documentation changes required during the modernization process often have the effect of decreasing units' reported ratings. Authorization and requirement changes are being made to support new organizational designs and doctrinal concepts. When a unit's wartime requirements are changed, it must compare its on-hand equipment to the new requirements. As a result unit status ratings can drop, although the actual equipment/supplies on hand has not changed and readiness and capability of the unit has not decreased. Thus, as new equipment is received, readiness and capability increases, but the unit status report will not change until enough equipment has been received to meet the newly established requirements.

ARMY BATTALIONS COMBAT READY

Senator LEVIN. General Mahaffey, last week General Vessey said in his news conference that although the overall number of combat ready Army divisions may be down from three years ago, "the total number of Army battalions that are combat ready, which is perhaps a better indicator, is up substantially over that period".

How can the number of combat ready Army divisions be down, but the number of combat ready battalions be up?

Aren't the divisions made up of the battalions?

Do the senior managers in JCS and in the Army track the readiness of individual Army battalions or do they follow trends in divisions readiness?

General MAHAFFEY. In calculating major combat unit (division, separate brigade and regiment) composite ratings the overall and training rating procedures are completed in the same manner as for smaller units. However, in other rated areas the commander determines average ratings for subordinate maneuver, fire support, and support units. The lowest personnel, equipment-on-hand, and equipment mission capable rating for these three types of unit becomes the parent unit's rating. Consequently, if one or two of the type unit groupings has a better unit status rating than the third type a comparison of battalions could show better rating trends than when the parent units are compared. This matter is further complicated by the fact that both the major combat unit commanders and organic battalion/squadron commanders can subjectively raise or lower their unit's overall rating if they believe the computed rating is not truly representative of the unit's status.

A comparison of this type is very dependent on the points in time being considered and the population being sampled, therefore, Gen. Vessey's comments may be very applicable in some cases but not in others. I will provide an example of how this comparison looks using the latest unit status data available compared to Sept. 1980 data. The table below shows a percentage comparison of major combat unit (Active and Reserve Component) status ratings in Sept. 1980 and Feb. 1984 to the ratings received by their organic battalions/squadrons.

	C-1	C-2	C-3	C-4	C-5
Division/Bde/ACR:					
September 1980					
February 1984					[Deleted.]
Battalion/Squadron:					
September 1980					
February 1984					

In this case slightly different trends can be diverted from the two comparisons. [Deleted.] When reviewing this data it must be kept in mind that 54 percent of the major combat units and approximately 49 percent of the battalions/squadrons have an authorized level of organization of 3, therefore, they are not expected to have a rating over C-3. In addition, unit status ratings do not equal Army readiness and capabilities.

Although senior Army and/or JCS leadership personnel are most concerned with the unit status ratings of the major combat units they are also provided information on other units or groups of units as circumstances dictate. For example, if the staff determines that there is a negative unit status trend in a specific type of unit (e.g. aviation, engineer, etc.) this information may be presented. Another example would be when unit status information is provided on units (e.g., special forces, ranger, etc.) being considered for special operational or exercise requirements.

O&M FUNDING

Senator LEVIN. General Mahaffey, last week in his news conference General Vessey said: "... not enough money has gone into operation and maintenance. You're not supporting the new force. You are buying hardware and not making the force ready."

Is General Vessey saying that within the Defense budget, readiness is suffering at the expense of modernization?

General MAHAFFEY. The quote referenced General Vessey's press conference on March 6, 1984 and is taken out of context, it reaches an inaccurate conclusion.

General Vessey had been asked to comment on mission capable rates for ground force equipment and whether or not the rates had declined from 1980-1983.

His response was that "mission capable rates for tanks are up about 3 percent from 1980 to 1983. All M60's are up about 1 percent . . . and what that says is despite adding about 2,600 new tanks, that you did in fact keep the tanks as ready as you had budgeted for. They're as ready as we had planned to keep them."

General Vessey made the following response to the traditional criticism of the Defense Department. He said that critics of service programs constantly say "not enough money has gone into operation and maintenance, that services are not supporting the new force, that services are buying hardware and not making the force ready."

This is a constant, unfounded criticism of the defense establishment, the readiness of the Army is increased by our efforts to modernize, to better sustain, to improve training and to achieve an optimal force structure. The essential element is an effective balance among these initiatives.

Senator LEVIN. General Mahaffey, Dr. Korb said on the McNeil-Lehrer show Tuesday night that it is not true that weapon systems have been overemphasized in the defense budget and readiness has been shaded. Do you believe that the current Five-Year Defense Program has sufficient operation and maintenance funding to operate, support and maintain all of the new equipment coming into the inventory?

General MAHAFFEY. Based upon available costing information, projected distribution, and established operating tempos at the time that the fiscal year 1985 Budget and associated Five Year Defense Program were finalized, there was sufficient funding.

USE OF COMBAT READINESS RATINGS

Senator LEVIN. General Mahaffey, are the combat readiness ratings—C-ratings—a valid measure of readiness?

General MAHAFFEY. As I mentioned earlier in this testimony, unit status ratings, in isolation, are not complete measures of readiness. They are primarily used as management tools for comparing on-hand personnel and equipment resources with the wartime requirements specified in our authorization documents. The reports also provide the means for a subjective training rating by the unit commander. A unit's overall rating is equal to the lowest rating computed in any of the rated areas. The reports provide a snapshot of a unit's status at a specific point in time and, as such, are basically "static" indicators.

Army force readiness, on the other hand, is "dynamic" in that the wartime requirements for equipment, personnel and training change as a function of the threat. Force readiness depends upon the integration and coordination of many units into an effective fighting force. Many factors such as the abilities to mobilize and deploy, the availability of modern equipment to include effective command and control, the quality of its soldiers, effectiveness of its leadership, and the availability of war reserve stocks to mention just a few enter into this complex equation of force readiness.

Senator LEVIN. General Mahaffey, do you and other senior managers in the Army use C-ratings as a management indicator of force readiness?

General MAHAFFEY. Unit status is just one indicator that leaders at all levels of the Army use to evaluate the broader aspects of unit or force readiness and capability. Unit status reports assist the Army's leadership in making the difficult decisions associated with the distribution of shortages and scarce resources.

Senator LEVIN. General Mahaffey, on the McNeil-Lehrer Report last week, Dr. Larry Korb indicated that the criteria by which we measure readiness—I presume he meant the C-ratings—are more stringent today than in 1980.

He also said that if we used the 1980 criteria, the figures would look better.

How have the criteria grown more stringent?

General MAHAFFEY. Although I cannot speak for Dr. Korb, the Unit Status Reporting System has not changed, nor has the criteria used to determine C-ratings become substantially more stringent since 1980. What has changed significantly during this same period has been the equipment requirements of our units as outlined in their respective Modified Table of Organization and Equipment (MTOE).

The Army as we see it in 1984 bears little resemblance to the Army that we experienced in 1980. In addition to addressing the short term readiness requirements linked to filling the shortfalls of the "Hollow Army", we have embarked upon a path that will enhance both near term readiness and ensure the uninterrupted security of the United States through the end of this century. This effort has required not only the procurement of spare parts, the fill of equipment shortages identified in the 1970's, the modernization of selected weapon systems, but also the tailoring of our organizations to meet the modernizing threat. The reorganization associated with this effort has been unprecedented in the history of our Armed Forces. Since the fourth quarter of fiscal year 1980, the majority of Army units have undergone up to six TOE changes. TOE changes during fiscal year 1982 and fiscal year 1983 alone include a total of 106 major battalion size TOE changes; a total of 136,000 line item quantity changes; a total of 525 Basis of Issue Plans (BOIP) for new equipment items; a total of 200 new TOE's; as well as 70 test TOE's.

As our units reorganize and modernize, requirements change, which may cause temporary dips in unit status ratings. This phenomenon has been most pronounced in the area of "equipment on hand." Reorganization, coupled with the influx of new systems with increased capabilities, has increased requirements for support equipment. These increased requirements were forecast and included in the Army's planning process. Unfortunately, while reorganization, on paper, is a one day operation, the procurement process is long term and could require two to three years to catch up. The affected unit, while reporting a decrease in status, is more capable of defeating the threat. The additional requirements generated by our reorganization and modernization efforts have been designed to maximize the capabilities of the unit by supporting the increased combat power associated with its new equipment.

The result of this ambitious endeavor is that we now have the strongest, best equipped and best manned force that we have seen at any time in recent history. Despite the quality of our current Army, there are shortfalls and ample opportunity to improve. We must continue our efforts if we are to realistically expect to provide the umbrella of a solid defense over the long term.

Senator LEVIN. General Mahaffey, if you think C-ratings present a misleading picture of military readiness, what output measures would you suggest Congress use to measure changes in military readiness?

General MAHAFFEY. As stated earlier, Army readiness is not measured solely by C-ratings. These ratings are used to express the comparison of on-hand personnel and equipment assets against wartime requirements at a specific point in time. They are essentially "static" indicators of readiness in a "dynamic" environment. As such, the Unit Status Reporting System does not provide the sole means for measuring readiness.

I do not believe that C-ratings present a misleading picture, if we understand what they are designed to accomplish. The Unit Status Reporting System is performing the task for which it was designed by providing a status of resources and serving as a management tool for the Army's decision makers. The misleading pic-

ture that you speak of is the product of failing to understand the expected outputs of the reporting system.

Our reporting system is part and parcel of the JCS system, UNITREP, which provides one of the indicators of force readiness. It provides a set of common standards and methodology among the services. It is a relatively simple system which involves the entire chain of command from the bottom to the top. UNITREP addresses several key personnel, equipment, maintenance and training factors and allows leaders at all levels to focus on problems in these areas. In general, the UNITREP system performs well in measuring quantifiable factors but does not adequately address those less quantifiable factors associated with quality of both people and equipment.

In order to properly assess the larger issue of readiness, we must continue to rely upon numerous and diverse indicators of which the Unit Status Report is but one. Other critically important indicators of readiness include the following: Individual Ready Reserve strength; full time manning; high school graduates; mental category profiles; crime statistics; absenteeism; product improvement programs; range modernization programs; training improvements; and capability improvements realized as a result of our modernization efforts. The determination of the readiness of the Army is consequently a responsibility of the Army's leadership and founded in our combined faith in their good judgment.

WASHINGTON POST ARTICLE

Senator LEVIN. General Mahaffey, I am sure you are familiar with the recent article in last Monday's Washington Post saying that the overall readiness of our forces has decreased in the last three years.

Are there any factual inaccuracies in the material presented in this article as far as the Army is concerned?

Was there any classified material in that article?

General MAHAFFEY. The overall readiness of the Army consists of its ability to man, equip and train its forces and to mobilize, deploy and sustain them in accomplishing assigned missions. The unit status report provides only a partial measure of the overall readiness of our units. It reflects the resource fill of units at a given point in time compared to their wartime requirements.

The March 5th Washington Post article cited that there are 25 percent fewer Army units certified as ready for combat today than there were in 1980. This representation is incomplete, taken out of context, and thus inaccurate.

The common point upon which all agree is that the Unit Reporting System is woefully inadequate in measuring unit readiness and capability. The status report does, however, serve a purpose of reporting resource fill.

In that regard, it is important to understand that a C1, C2 or C3 unit is by definition a combat ready unit. Using that correct designation of combat ready, the 1980-1983 unit status comparison yields a more accurate status indication.

[Deleted.]

The 3 percent overall decrease was because as the Army modernization program proceeds, units are authorized either more modern items or large quantities of items or both; thus the status report is measuring equipment on hand against an increased requirement. This causes the C-rating for equipment on hand to decline during the transition period despite increases in quantity and quality of people and equipment. The unit's overall status rating is the lowest of all rated areas: equipment, personnel and training.

To the best of my knowledge there was nothing classified in the article.

EQUIPMENT FILL READINESS

Senator LEVIN. General Mahaffey, Dr. Larry Korb testified that changes in unit equipment authorization brought on by the Army's modernization efforts is one of the reasons for the downturn in Army readiness measured by the C-ratings. Do you agree with this position?

General MAHAFFEY. Army readiness is not solely measured by C-ratings and although I cannot speak for Dr. Korb, I do not believe that he intended to infer overall that the readiness of the Army has declined in any way. There have been significant improvements in the areas of readiness and capability in recent years.

If the intent of the statement was, as it has been presented, to infer that changes in equipment authorizations associated with our modernization program have caused a downturn in Army readiness, I would have to disagree. Such a statement is simply not true. I am sure that what was really intended was that increased authorizations associated with force modernization have caused some temporary declines in equipment on-hand C-ratings. To this I would agree.

The unit status reporting system is simply not designed to completely reflect improvements in capability or readiness resulting from modernization. The numerous documentation changes required during the modernization process often have the effect of seeming to decrease unit status ratings. As stated earlier, the unit status report provides a snapshot of a unit's status at a specific point in time and, as such, is basically a "static" indicator in a "dynamic" environment.

Despite the massive changes in almost every aspect of the Army, unit status—C-ratings—have improved in the areas of personnel and training. Equipment ratings on the other hand have not demonstrated the same trends. This paradox is both understandable and temporary when viewed from a perspective of the total Army plan. As you know, documented authorization and requirement changes for equipment are frequently made to support new organizational designs and doctrinal concepts which are designed to optimize our combat effectiveness against the threat. Once a unit's wartime requirements are changed, it must compare its on-hand equipment against these new requirements. Consequently, unit status ratings can drop overnight, although the actual equipment on hand, the readiness and the capability of the unit has not decreased and may, in many cases, have increased.

CRITICAL EQUIPMENT SHORTAGES

Senator LEVIN. What are some of the critical equipment shortages that are keeping Army units at C-3 and C-4 levels?

General MAHAFFEY. The following major items of equipment are considered some of the more critical shortages that are keeping units at C-3 and C-4.

- Carriers (all types).
- 5-Ton Cargo Trucks.
- Recovery Vehicles.
- Bridge Boats.
- Generators.
- Communication Equipment.
- Trailer/Semitrailers.
- Shop Equipment.
- Radar Sets.
- Materiel Handling Equipment.
- Night Vision Sights.

Improvement in equipment and readiness would be most enhanced by procurement and distribution of additional equipment to fill shortages and to replace aging equipment.

EQUIPMENT FILL READINESS

Senator LEVIN. Using today's equipment authorization standards, what is the dollar value of items that would be required to bring those units currently at C-3 and C-4 levels for equipment fill reasons up to C-2 or C-1?

[Answer to the questions were predicated upon completion of an automated program which could provide the necessary information. DA has joined forces with OSD in forming a committee to provide the requested information in the most timely manner. Development of the data base is a very detailed manual process which has taken more time than was originally forecasted; however, the requested information will be available in an automated format before 25 Jan 85.]

Senator LEVIN. How much of the equipment needed to bring those up to C-2 or C-1 will you have at the end of the fiscal year 1985 Funded Delivery Period?

How much will you have at the end of the fiscal year 1984 Funded Delivery Period?

[This information is not available at the present time. It will be furnished by July 20, 1984.]

[Answer to the questions were predicated upon completion of an automated program which could provide the necessary information. DA has joined forces with OSD in forming a committee to provide the requested information in the most timely manner. Development of the data base is a very detailed manual process which has taken more time than was originally forecasted; however, the requested information will be available in an automated format before 25 Jan 85.]

Senator HUMPHREY. That concludes the hearing.

Thank you.

[Whereupon, at 10:50 a.m., the subcommittee adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1985

THURSDAY, MARCH 15, 1984

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

READINESS OPERATION, AND MAINTENANCE BUDGETS OF THE U.S. NAVY AND U.S. NAVAL RESERVE

The subcommittee met in open session, pursuant to notice, at 10:04 a.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Goldwater, and Dixon.

Staff present: Michael B. Donley, David S. Lyles, John G. Campbell, professional staff members, and Marie Chaillet, staff assistant.

Also present: Gerald J. Smith, assistant to Senator Goldwater; Ronald P. Kelly, assistant to Senator Humphrey; Michael A. Fainberg, assistant to Senator Bingaman; and Charles C. Smith, Jr., assistant to Senator Dixon.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The subcommittee meets today to take testimony on the readiness of the Navy.

Our witnesses are Vice Adm. James A. Lyons, U.S. Navy, Deputy Chief of Naval Operations (Plans, Policy and Operations); Commodore Gerald L. Riendeau, U.S. Navy, Director, Operations Division, Fiscal Management Division, Office of the Chief of Naval Operations; and Rear Adm. William D. Daniels, U.S. Naval Reserve, Deputy Commander, Naval Reserve Force.

Senator Goldwater, do you have an opening statement?

Senator GOLDWATER. No, I don't.

Senator HUMPHREY. Admiral Lyons, will you lead off, please.

STATEMENT OF VICE ADM. JAMES A. LYONS, JR., U.S. NAVY, DEPUTY CHIEF OF NAVAL OPERATIONS (PLANS, POLICY AND OPERATIONS)

Admiral LYONS. Thank you very much, Mr. Chairman.

I have a formal statement which I have submitted for the record. I will let that stand as is.

However, I would like to make an opening statement. I come to you as one who has been privileged to command our forces at sea

first as Commander of Task Force Seventy-Three in the Western Pacific and then as Commander, U.S. 2d Fleet from July 1980 to July 1983. In other words, I saw the status of our forces in 1980 and then watched the transition until July 1983.

When I took over as Commander, Task Force 73, in 1980, my three principal concerns with regard to readiness and sustainability were personnel, ammunition (specifically threat-oriented ammunition), and spare parts. It was a critical situation.

I knew when I fired a torpedo, there was not one to replace it. When I fired an air-to-air missile, there was not one to replace it.

I was cross-decking much of the threat-oriented ordnance. I hot-lined spare parts from the production line to get them flown out to our forces in the Indian Ocean and Western Pacific.

I am happy to tell this committee this morning we have come a long way from that situation. In 1981 we had something like 12 percent of our ships and 30 percent of our aircraft squadrons not combat ready due to personnel shortages. Today we have reduced that percentage to 1 and 4 percent, respectively. This is through tremendous congressional support. Specifically the December 1980 pay raise, and the bonuses you have authorized which have been such a key factor in bringing compensation and comparability back into the pay system for our personnel.

As a result our first-term manpower reenlistment rate has gone up from 1980 to 1983, something on the order of 20 percent. Our pilot retention rate has increased by 16 percent.

What does that really mean? That means we have been able to save almost a half billion dollars through the retention of those pilots.

It also means that we have cut down on our aircraft loss rate, something on the order of 80 aircraft which translates into another half billion dollars.

So, these are areas of savings. The end product of this is increased readiness.

Our surface ship combat readiness has improved by 18 percent. What that means is all our deployed ships are C-3 or better. They are combat ready over and above what they were in July 1980.

Our overall aviation readiness has improved by something better than 33 percent for deployable squadrons. We have 48 squadrons deployed. Every one of them is combat ready. This is a marked increase over what it was 3½ years ago.

In 1980 we could only deploy 5 of 12 aircraft carriers with the required aviation consolidated allowance list [AVCAL] support. I am happy to report to you today we can deploy 8 out of 13 with full AVCAL support and the other 5 to a lesser percentage, but we can get them all out and operating.

Our ammo and spare parts have dramatically improved in the last few years. We have doubled the amount of funding in those categories and we are going to double it again with the 1985 budget.

We will increase our sustainability twice what it is today by 1987. Our AVCAL with the 1985 budget will be for 13 carriers and by 1990 we will have AVCAL for all 15.

How does this translate itself operationally? I think if we look at 1983, it provides an excellent example of what the Navy has been

able to do with the increased support we have received from this committee and the Congress overall.

Let me discuss the U.S.S. *Ranger* which got underway from southern California in July 1983 and was originally scheduled to go to the Western Pacific.

We sent it to Central America in support of our national objectives there, to participate in exercise AHUAS TARA II. It was there 2½ weeks.

While that was going on we sailed U.S.S. *New Jersey*, which was off Phattaya Beach in Thailand to the west coast of Central America.

It remained there for approximately 3 weeks, then it transmitted the Panama Canal and proceeded to 25 knots to the EASTMED. You will recall the *New Jersey* got underway for 2½-month shakedown cruise and 9 months later it is operating off the coast of Lebanon. It has never had an upkeep or maintenance period since June 1983. This is a fantastic record, proof of the tremendous capability built into that ship.

I would be remiss if I did not mention the contribution that our Naval Reserve forces have made to the deployment of the *New Jersey*.

We had over 600 volunteers to relieve the crew on the ship so the permanent crew could come home for three scheduled leave periods. This is ongoing today. It has been a tremendous personnel morale factor.

As I am talking to you today, we have other elements of the Naval Reserve, two Naval Reserve air squadrons, deployed to Keflavik, Iceland. They are participating in a major NATO exercise which is going on and to which we have had the largest Soviet reaction in over a decade.

Those two Naval Reserve squadrons are operating in support of the operating fleet today and managing the tremendous effort that is being put out by the Soviets. So, this is a totally integrated effort.

The point on *Ranger* is that after it left the west coast of Central America we then proceeded to the Western Pacific. Then we put it in the Indian Ocean where it remained in the Northern Arabian Sea for 122 consecutive days without a port visit.

When you figure that we program for 50 operating days a quarter and we had *Ranger* and her entire battle group deployed at the same time that we had *Eisenhower* in the Mediterranean operating 91 continuous days off the coast of Lebanon and also in the Gulf of Sidra responding to the situation in Chad, I think these are the kinds of examples where we have been able to realize the benefits from an operational standpoint, of our improved readiness.

U.S.S. *Midway* happens to be in the Indian Ocean today. The ship is up in the Northern Arabian Sea maintaining our national commitment to keep the Strait of Hormuz open. Before it gets into port, *Midway* will have been continuously at sea for 114 days.

These are tremendous efforts, far in excess of what we ordinarily demand and almost at a wartime op tempo.

Other events have also demanded extraordinary increased operations by the Navy.

Certainly we must count the tragic KAL-007 shoot-down and subsequent search and rescue operation to which the Navy commit-

ted 13 ships. The shoot-down can only be termed as just a pure barbaric act and it certainly gives an indication of the menace and the type opposition we have to plan against and be prepared to confront should it ever be necessary.

Following the KAL, shoot-down, of course we had the tragic event of October 23 in Lebanon and I will discuss that a little bit more later on, if you so desire. After that we had the Grenada rescue operation where the *Independence* battle group and the *Guam* amphibious group responded on 36 hours' notice.

Both those task groups, as you know, are off the coast of Lebanon today and the 22d MAU which did the operation in Grenada has been redeployed aboard our amphibious ships and remains off the coast of Lebanon.

We have been able to do this because of the support we have received from Congress, especially the funding for the readiness and sustainability. I think this support has also manifested itself into the other fleet operations.

We are doing operations today that a few years ago people thought were impossible. We are running our aircraft intercepts hundreds of miles out from the task force. We are integrating the U.S. Air Force and land-based tactical air into our fleet operations in a way that is a force multiplier.

I never went to sea with a carrier battle group task force when I didn't have an AWAC with me. The same way with the KC-10 and KC-135 tankers. We can set up a defense in depth. We have done this so that we can have up to five layers of interceptors before the first Soviet strike bomber ever even gets to a weapons launch point in the vicinity of the task force.

This has to send a message to that Soviet pilot when he is intercepted five times before he has ever found his primary target.

Of course, I am always asked, didn't the Soviets, when they were intermingled in your fleet operations, give you a problem.

I said, no, not at all. In fact, I welcomed their participation for two reasons.

First of all, their services are free, you don't have to pay for them.

Second of all, we had a message to send and the message was that if we perform well and proficiently, we wanted them to take back the message it just might be too costly.

If we can get them to take that message back, we have raised the deterrence equation without firing a shot. That is really what it is all about.

You have heard a lot about the Soviet satellite systems, and so on. We think we know how to manage those. We have had very sophisticated formations and in closed session I will be glad to go into the type of cover and deception we employ.

Also after the Falkland situation; and let me say the British effort during the Falkland crisis was a tremendous undertaking, which involved almost unbelievable logistics lines of support; however, too many wrong conclusions are drawn, in my view, from the Falkland experience as it translates into U.S. Navy survivability.

You know, our policy; not only my policy as Commander of the U.S. 2d Fleet and Strike Fleet, Atlantic, but throughout the Navy,

our policy is to get the platform before it gets to a weapons launch position.

If you look at the Falkland situation, unfortunately the U.K. Navy had decommissioned its last strike carrier. It had no airborne early warning. It had none of the elements that are embodied in our carrier battle groups.

So, how was the Argentine Air Force able to pinpoint their targets considering they really didn't have any ocean air surveillance capability?

They had to be given the information and in effect that is what happened. British emission control [EMCON] was not used in a way that would be conducive to cover and deception. Argentine aircraft were able to deliver an attack within a few miles of the platform. We don't see that happening to our battle groups.

Let me say this. If a situation occurs where we have a leaker—an aircraft that is able to launch a missile—can we handle that. We can handle a leaker and we have proved it.

In the READEX we conducted in March 1983, we were doing some of the most sophisticated missile firings that have ever been conceived. Our forces put seven missiles; four Harpoons, and three antiradiation missiles, on the target nearly simultaneously. They were launched from maximum range by aircraft, frigates, and submarines, and impacted nearly simultaneously.

To handle the leaker, I had a P-3 launch a Harpoon at maximum range. The Harpoon went into its sea-skimming mode. An F-14 flying cap over the destroyer target acquired that Harpoon in its sea-skimming mode, picked off its Phoenix missile and destroyed it at 17 miles from the target, before it could ever get close.

We know what we can do. We are the only Navy in the world with that capability. We are the only Navy that has ever demonstrated it.

Let me say the key to our success, as I see it, is our personnel. I never cease to be amazed by their initiative and ingenuity. They are the ones that put it all together. Really they are our national treasurer.

In that sense, I have had an opportunity to compare our people with all of the NATO navies of the world, with our Far East allies as well, and let me tell you that there is none finer. That goes for our pilots as well.

In that context there has been a lot said about our December 4 air strike in Lebanon and a lot of comparisons made to the Israeli strike in the Bekaa Valley. There is no comparison to the Bekaa Valley strike. People who try to make that comparison are dealing in pure nonsense.

Bekaa Valley was an operation planned and rehearsed for months and months and months. Our Battle Group Commander was given a mission in the middle of the night, in a few hours, to put together a strike plan to handle a large number of targets. He had to do the planning, brief the pilots, upload the aircraft and get that strike off at a time not of his choosing.

I can go into greater detail on this during the Q and A if you would like. But I think they did a magnificent job within the time-frame they were given.

The Battle Group Commander wanted to do that strike much later in the day, he did not want to do it at the time that he was tasked to do it because he couldn't get the strike package together in that short a period of time. Plus, the time-on-target [TOT] he was given was 0730 in the morning.

At 0730 in the morning going after targets in a valley with the Sun coming up, it puts them all in a gray area. And, by the way, let me tell you it was a totally effective strike.

The weapons we used were Rockeye. We have never had a radar emission from the targeted command and control site since the day of that strike. Plus, from every indication we have received, the weapon emplacements attacked were totally put out of action.

In that same way I mentioned the *New Jersey* and its tremendous capability. I will be glad to go into the capabilities and the effectiveness of the *New Jersey's* naval gun fire support during the Q and A.

I don't want to take a lot of time during these opening remarks, but there is one other point I want to touch on and that is terrorism, state sponsored acts of terrorism which have required us to take additional measures and to change our rules of engagement to ensure that we defeat acts that may be directed against our forces in the eastern Mediterranean, in the Persian Gulf, in the North Arabian Sea and in the Gulf of Oman.

Let me stop right there, Mr. Chairman, and I can go into those elements during the Q and A later on.

I will turn the microphone over to our next speaker, if that is satisfactory with you, sir.

[The prepared statement of Admiral Lyons follows:]

PREPARED STATEMENT OF VICE ADM. JAMES A. LYONS, JR., DEPUTY CHIEF OF NAVAL OPERATIONS FOR PLANS, POLICY, AND OPERATIONS, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. Chairman and members of the subcommittee, I welcome this opportunity to appear before you to discuss the Navy's readiness and sustainability. It is important to underscore, at the outset, that the Navy's readiness and sustainability requirements flow from and support our maritime strategy. This maritime strategy has been fully discussed with the Congress in the recent testimony of the Secretary of the Navy and the Chief of Naval Operations. I will not, therefore, revisit it. I would like to emphasize however, that the national strategy and its supporting maritime strategy are the underpinnings of, and drive, both our force requirements and our readiness and sustainability programs.

MARITIME STRATEGY

To execute our maritime strategy, we must be capable, and be seen as being capable, of security and maintaining timely access to areas vital to our national interest—even in the face of the most determined opposition. The successful achievement of this vital maritime task includes not only this administration's naval rebuilding program, the contributions of our allies, friends, and sister services, but it also must include your support in maintaining high readiness and sustainability.

The Navy has been efficient in putting readiness funds appropriated by the Congress to work for us. We have devoted approximately 60% of our total obligational authority in the fiscal year 1985 budget to readiness improvement programs. Similar emphasis from fiscal year 1981 through fiscal year 1984 significantly improved the readiness levels reported by Navy forces today. A few persistent problem areas notwithstanding, the Navy has been on the move during the last four calendar years, upgrading both deterrent and warfighting capabilities. Since 1980, the total number of units reporting higher combat readiness has increased, and this improvement in readiness includes significant increases in the number of units reporting fully or substantially (C1/C2) combat ready. Career manning, particularly in critical

skill areas, is still our most serious personnel readiness shortcoming. Assistance provided by Congress, however, in the form of pay raises and reenlistment bonuses for personnel possessing critical skills, has contributed to marked progress in this area. The following statistics show that in fiscal year 1983 our enlisted retention rates surpassed those of fiscal year 1980, fiscal year 1981, and fiscal year 1982, in all categories.

	Fiscal year 1980 (percent)	Fiscal year 1981 (percent)	Fiscal year 1982 (percent)	Fiscal year 1983 (percent)
1st reenlistment (4 to 6 yrs.)	36.7	41.7	50.3	55.7
2d reenlistment (8 to 10 yrs.)	50.5	56.9	63.0	65.4
3rd reenlistment (10 plus yrs.)	91.6	94.1	95.3	96.6

The Navy is working hard to continue this impressive trend. Maintaining high retention levels is mandatory if the Navy is to overcome critical skill area shortages and maintain our forces to support the strategy and to meet national commitments.

OFFICER RETENTION

Officer retention during fiscal year 1983 has also improved over fiscal year 1981 and fiscal year 1982. Retention of Navy pilots increased from 42 to 58 percent and naval flight officer retention rose from 65 to 74 percent. These improvements are a result both of Aviation Officer Continuation Pay and a hiring slowdown in the airline industry. Retention of nuclear power submarine qualified officers rose from 33 to 46 percent during this same period. This improvement is associated with a nuclear power bonus increase, new officer career sea pay, and the continuation of submarine incentive pay. Officer career sea pay and better sea/shore assignment rotation are contributing to improvements in surface warfare officer retention.

Although we have witnessed a turn around in personnel readiness, our challenge, as civilian employment opportunities increase and the economy recovers, requires us to maintain our efforts. The Navy must be able to compete in fiscal year 1985 and beyond.

READINESS IMPROVEMENTS

I would now like to focus your attention on readiness improvements in several critical Navy warfare communities. The serious ballistic missile submarine manning shortage experienced during the early 1980's has not been remedied completely, but it has shown a significant improvement. As a result, I am pleased to report to you that the SSBN force, the Navy's contribution to the strategic triad, is in excellent shape. All SSBNs not in overhaul are substantially or fully combat ready. At any given time only emergent and temporary equipment casualties account for a few units reporting "not combat ready".

GENERAL PURPOSE FORCES

As for our general purpose forces, the readiness picture is equally bright. Overall combat readiness of these forces has steadily improved, and it is important to note that this has occurred as force structure has also increased. The Navy's surface/sub-surface ship combat ready goal is 70 percent. This goal realistically permits 30 percent of available surface/subsurface forces to be involved in depot level programmed maintenance (overhauls and other maintenance availabilities) as well as training workups for forward deployments. In October 1980, 60 percent of the surface/sub-surface force was evaluated combat ready. I can report to you today, however, that the 70-percent goal has been reached and, in fact, exceeded. In the last three years the number of ships reporting combat ready has increased steadily. This improvement was largely due to the increased fiscal support provided by the Congress. It reversed the downward readiness trend of the 1970's and facilitated exceeding the 70-percent goal even while 36 new combatants were added to the Navy's force structure.

NAVAL AVIATION

Turning to naval aviation, our air squadron combat readiness has improved in all categories since 1980. The improvement in aviation squadron readiness, while not as

great as in ship readiness, nevertheless has shown sustained progress. During the period October 1980 through December 1983, the number of squadrons reporting themselves not combat ready (C-4) was reduced threefold, and the number of squadrons reporting themselves fully or substantially combat ready tripled. In particular the improvement in deployed squadron combat readiness is noteworthy. Although one or two of the Navy's air squadrons permanently deployed overseas occasionally experience training shortfalls, every air squadron now deploying from the continental United States is combat ready. The major contributing factor to air squadron readiness degradations remains the persistent personnel issue, i.e., aircrew shortages. Budgetary actions during fiscal years 1981, 1982, and 1983 improving military compensation have had a most positive effect on recruiting aviation officer candidates and retaining our most experienced pilots and naval flight officers.

It is possible to lose a war by running out of ships, aircraft, ammunition, or spare parts. The objective is to see that you do not run out of any of those commodities before you have terminated a conflict on your terms. So the highest funding priority goes to those commodities which, when exhausted, will stop the war on less favorable terms.

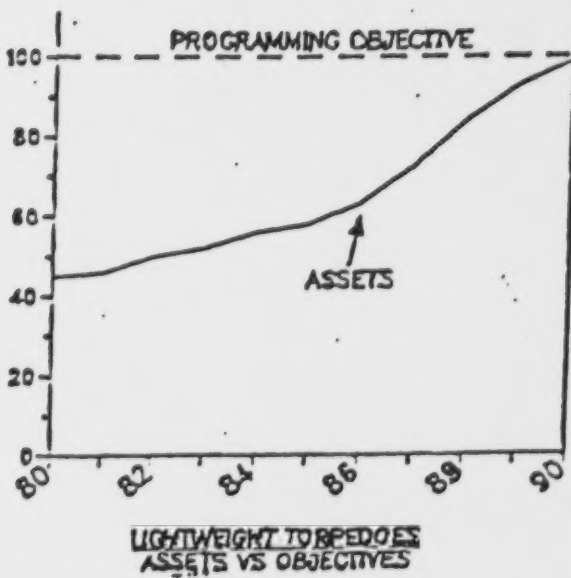
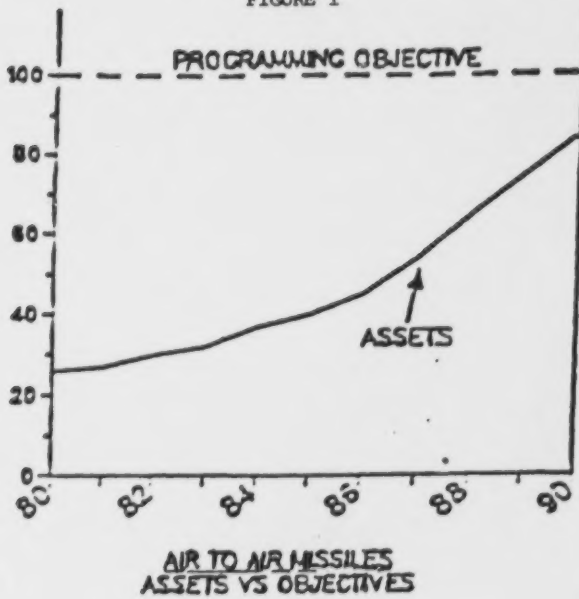
With 118 ships under construction or conversion, we have now accomplished our force level expansion goal. We must ensure that funding for readiness and sustainability is proportionate to that growth in ships and aircraft. We have been able to maintain that proportionality for the last 3 years, and it is reflected once again in the fiscal year 1985 budget. During the past 3 years, for example, we doubled the amount of funding for aircraft spares and procurement. During this period the average real annual growth for maintenance has been 6.5 percent and for spare parts growth has been 14.7 percent. These percentages represent a \$1.4 billion increase for maintenance and \$900 million increase for spare parts. Additionally, \$2.3 billion has been added and proposed for the period 1981-88 to correct shortages of aviation spare parts carried on aircraft carriers. The fiscal year 1985 program will fund sufficient AVCAL spares to deploy 13 carriers, and by 1990 all 15 carriers will be capable of deploying with 100 percent of their AVCAL assets.

A credible military force must have the readiness to go when called and stay at the point of contention as long as the national leadership requires. Sustainability, the staying power of a force, is at the core of our maritime strategy, and it is crucial to building and maintaining naval forces that can be effective across the full range of potential conflicts. The past decades insufficient funding for national defense resulted, among other things, in long standing deficiencies in sustainability. In 1981 renewed understanding of the global threat and the need to prepare for large scale extended conflict as well as limited confrontations caused more resources to be devoted to sustainability.

During the 1970's, ammunition, missile, and torpedo stocks declined to such an extent that 3 years ago we could not load out the fleet even once. Funding for ordnance has doubled over the last 3 years and is doubled again in the fiscal year 1985 program between fiscal year 1985 and fiscal year 1987. The cost effectiveness leverage we have garnered by increased production levels has brought substantial reductions in unit costs of ammunition and missiles. By 1987 we will have doubled the number of days of combat sustainability in the force. The fiscal year 1985 request reflects a 21-percent growth in funding over fiscal year 1984; full-funding is essential if we are to maintain the efficiency of the buy at the production rates and price decreases that have been achieved. We expect to attain our objective for wartime sustainability by 1989.

The program is structured to reduce previously documented shortfalls and imbalances in the vital areas of non-nuclear ordnance reserves.

FIGURE 1



NOTE: ASSETS ADJUSTED TO REFLECT LOWER PK OF OLDER MODELS

As you can see in Figure 1, there are still significant shortages in air-to-air missiles and lightweight torpedoes. To remedy these deficiencies, we are continuing to buy increasing numbers of Sparrow, Sidewinder, and Phoenix missiles as well as the latest version of the MK 46 torpedo. We have accelerated the high speed anti-radiation missile (HARM) and expendable countermeasures procurements to improve platform survivability in both land attack and war-at-sea scenarios. Recent armed conflicts and incidents around the world have proven the wisdom of this decision.

Unfortunately, cross-decking of some categories of weapons to complete loadouts for our deployed forces still occurs in a number of important ordnance areas. Inventories are improving but they are not yet at levels to prevent this action. Part of this problem is due to the approximately 2-year delay between funding and delivery of completed weapons. Continued congressional support for adequate levels of ordnance will help erase this long standing deficiency and allow achievement of desired inventory levels.

IMPROVED COMBAT READINESS

We are on course. The improved combat readiness of Navy submarines, ships, and air squadrons, over the past 3 years is a direct reflection of the congressional investment in national defense. The strength of our forward deployed forces is high and continues to improve. Joint efforts especially with the U.S. Air Force, which can add to our capabilities in command and control, early warning, air defense, mining and logistics support, increase our ability to execute the forward Maritime Strategy. We have a ready fleet—more ready to go in harm's way than at any time in peacetime.

RESERVE FORCES

Finally, I'd like to point out that the smooth and expeditious integration of reserve forces into the active Navy during an international crisis or armed conflict is an important element of the Navy's readiness. Upon mobilization, Navy Reserve air squadrons will contribute two carrier air wings, two maritime patrol wings, one tactical helicopter wing, and one tactical support wing to our active forces. The reserve squadrons in the carrier air wings are being equipped with F/A-18's, F-14's and A-7E's provided through the horizontal integration program. Our Navy Reserve surface forces will provide 24 modern, combat capable *Knox* and *Perry* class frigates by fiscal year 1988. The integration of naval air reserve units with our active forces has included reserve P-3 participation in Exercise Ocean Venture, reserve aggressor aircraft provided to fleet exercises, and reserve C-9 support to the Grenada evacuation. Our naval surface reserve forces provided 78,196 man days in support of 62 different fleet exercises in fiscal year 1983. Reserve readiness programs for fiscal year 1985 include an increase of 25.4 million in ship operations and maintenance funding, a 94.9 million increase to the Reserve Flying Hours Program, and a 38.4 million addition to the Reserve Aircraft Rework Program. With newer ships and aircraft showing up in their inventories, increasingly demanding roles have been assigned to reserve units augmenting the active fleets.

In conclusion, both personnel and material directly impact on readiness. Improvement in combat readiness, through improved retention of qualified officers and petty officers as well as gradually increasing inventory levels of spare parts and threat ordnance is increasing our warfighting capability. Readiness improvements, however, are fragile and susceptible to reversal. Cuts in funding requests tend to have heavy impact on readiness and sustainability. The Navy is continuously focusing on shortfalls and applying remedial action with careful attention to competing priorities. Your support in the past has been the most important single element contributing to improved Navy readiness.

Mr. Chairman, the improvements in Navy readiness and sustainability I have covered are the results of initiatives undertaken in the past 4 years. It is essential to continue this emphasis if we are to support the national strategy. Among the areas requiring closest attention and emphasis are retention of our qualified and experienced people and the continued increase in our threat ordnance inventories. To maintain our momentum, compensation and other incentives must continue to make the service attractive in our improving economy and we must continue to buy the weapons our forces require.

The Navy's budget is a forward thinking budget. It is coupled well to our strategy, and it has readiness and sustainability at 60 percent of the requested TOA.

Mr. Chairman, the ability of our Navy to carry out its many assigned tasks is higher today than any time in the past decade. Sea power does make the strategic difference and readiness and sustainability are fundamental to our success. We have

a program that is in line with our national objectives; your support has and will continue to help us do the job. Thank you.

Senator HUMPHREY. Commodore Riendeau?

**STATEMENT OF COMMODORE GERALD L. RIENDEAU, U.S. NAVY,
DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DI-
VISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS**

Commodore RIENDEAU. Good morning, Mr. Chairman. It is a pleasure to be back before this committee again to defend our Navy O&M budget.

I have submitted a formal statement which I request be entered into the record, sir.

Senator HUMPHREY. Fine.

Commodore RIENDEAU. I would like to take this opportunity to make a few opening remarks and to review some of the areas in our O&M budget that are of particular concern to us.

We feel that we have made significant progress in improving our readiness funding over the previous years and we are particularly pleased with what we have been able to accomplish in the 1985 budget.

You have given us wise counsel in the past, we have taken it on-board and I feel that this budget is responsive in every way to the counsel that we have received.

Just to set the situation, we have seen a CBO report which suggest that if we reduced the O&M account by 3 percent each year, it would be a fine method of reducing the defense budget.

We also have been queried as to what would be the impact if our budget was reduced by \$1.2 billion this year.

I would like to put both of these questions in perspective.

First of all, I would like to point out that the reductions to the O&M accounts last year were in the aggregate \$1.2 billion. When you remove from it fuel pricing, foreign currency exchange, and the economic assumptions, the real reduction that we took was actually \$650 million.

Even with a reduction of only \$650 million, our real program growth was reduced to very close to 1 percent.

Second, while the fiscal year 1985 O&M request provides a real program growth over 1984 of about 10 percent, one must take into consideration the fact that funding policy changes have occurred which resulted in some of this growth.

I have passed out some charts, sir. If we can refer to chart 1, I would point out that in fiscal year 1985 we have an increase of \$1.851 billion that is in our O&M account as a migration from other sources of funding. If I may, I will take you through a few of these to highlight significant growth areas.

Our first item is our asset capitalization program which buys the equipment to keep our industrial fund production up. It used to come from the other procurement, Navy account. It is now in the O&M account and is included in the customers rates. It puts us in better condition for doing business in an industrial fund manner.

The next two items down are also large and are initiatives that we have taken in the Navy to improve our repair of repairables program. We have moved repairables into the stock fund.

In doing this we had to transfer dollars from procurement accounts and put them in the O&M accounts; in other words, put them in the customer account and the customer is now responsible for paying for those parts which he wants to have repaired. Before this change, repair was free to the customer and we felt that perhaps we weren't doing business as efficiently as we could.

The first line is the initiative we started in 1981 with shipboard repairables and you can see how that line has grown.

In 1985 at mid-year we are going to move the aircraft repairables into that program. The \$269 million that you see there comes from the aircraft appropriations account.

Equipment modifications is another large item. These are the dollars we pay to have modification kits installed. They previously were funded under the account that bought the modification kits.

Factory training is another item that has migrated from the procurement account into our O&M and it represents a fairly large number.

I would just point out one other area.

The TAKX/T-5 termination liability is in response to the congressional mandated requirement to put 10 percent of the termination liability into the O&M account as a one-time appropriation. Actually, it is spread over 3 years, but it represents a one-time appropriation to take care of termination liability.

Then, of course, the capital hire cost of \$71 million we wouldn't have incurred had the ships been brought on line in a different manner.

If you would go now to chart 2, sir, I would like to review what our program growth is.

If you look at the growth based on absolute dollar change, you will see from 1981 to 1985, 47.6-percent growth. 1984 to 1985 growth is 17.7 percent.

If you modify that with the inflation that we have to apply to the individual commodities in the O&M account, you will see it really adjusts down to 25.3 percent and 10.2 percent.

Then if you normalize that for the migration that we just looked at on the previous page, you will see 1981-85 is really 16.1 percent and 1984-85 is 6.4 percent.

Over the years we have seen an annual growth of about 4 percent in terms of real grown growth.

If I could take a minute now, I would like to look at what the effects would be if we were to be given a \$1.2 billion reduction. In the first place it would reduce O&M funding to slightly less than 1-percent real program growth.

If I were to spread this reduction across all O&M accounts, these are examples of things that we would be required to give up.

We would have an increase in depot maintenance of about \$300 million including a backlog in ship overhaul that would go from two to six.

We would increase the aircraft on extensions by 40 airframes to a level where we would be seriously close to a grounding situation on some airframes and we would increase our engine backlog by 120, bringing our total number to about 611.

We would have a decreased fleet op tempo from 29 percent for nondeployed and from 50.5 in deployed to 27 and 48.6 days per quarter respectively.

This would have a serious impact on both our training and our ability to respond to the contingency operations that we have had to deal with in the last 2 years.

Now, if I were to exclude those parts of readiness that are most critical and had to spread the reduction in other areas in the O&M accounts, the following are examples of the impact.

We would have an increase in repair and maintenance backlog of \$50 million which would bring our backlog up to \$915 million. This would be a serious setback in a program which has been chronically underfunded over the years.

We would have to decrease the pilot training rate by 10 percent which would prevent us from properly crewing our active fleet squadrons. It would decrease by nearly 200,000 the number of servicemen entering specialized skill training which we need so badly.

There would be a reduction of 29 percent in the number of in-patient medicaid, out-patient visits for retired personnel and dependents. It would be a serious blow to one of our major quality of life programs.

A reduction of over 300 million in the logistics program intended to improve design and performance of current systems, a significant reduction in our readiness capability.

Before I conclude, I would like to take you to chart 3, if I could, sir, and show you some of the backlogs that we are facing.

In our ships' maintenance, we have made progress. We have our backlog down to \$71 million, down to two overhauls.

In aircraft maintenance we have made some headway in reducing that backlog, but I should point out to you that our ASPA program, which is an engineering program to extend the frequency of rework in the aircraft has also played on bringing that backlog down.

In the 1985 column under aircraft maintenance you see an apparent reduction in funding. Let me point out here if you add \$512 to that \$1,917,000,000 you would have the program. The \$512 million is migration from BA-7 to BA-2 of O&M dollars to pay for the depot repair of our components I mentioned earlier.

Our other depot maintenance backlog, as you see, has gone up.

You will see in real property maintenance we also have an increasing backlog.

The point of this is to tell you, sir, that we have come a long way, but we still have a long way to go in O&M funding.

I should like to take a moment to point out to you that you will see, in our budget, a significant increase in training this year. This is a conscious decision on our part to improve our training command funding which has been chronically underfunded over the years.

I would ask you to give special consideration to that and to assist us in any way possible to protect those training dollars. We are overcoming serious deficits in the past few years.

If we can go to chart 4 for a moment to cover some indicators of how we feel that our funding has been pretty well synchronized

with the job we have to do. You will see in ship steaming hours we have had an increase 10.9 percent.

Our battle forces have increased by 11 percent.

And our funding costs have stayed at 12.9, quite well in synchronization.

I can take you to the aircraft operations and you will see a similar trend in aircraft operations.

On the ships' maintenance and modernization it is significant to note that our overhauls have been reduced with the reduced funding line, but that our SRA, or phased maintenance program, has increased. This will be more significant in 1985 than it has been in the past. We are, in the ships that we are capable of doing it with, taking ships off the overhaul program and putting them on a phased maintenance program thus precluding their remaining in the overhaul program.

You will see our workload will shift from overhaul into SRA as we bring more of these ships on line.

That concludes my opening statement, sir. I will be happy to field questions that you may have.

[The prepared statement of Commodore Riendeau follows:]

PREPARED STATEMENT OF COMMODORE GERALD L. RIENDEAU, DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. Chairman and members of the committee: I appreciate the opportunity to appear before you today to present the Navy's fiscal year 1985 budget request for the Operation and Maintenance appropriations.

Before discussing the details of the Operation and Maintenance budget, I would like to emphasize the basic objective which this appropriation supports the attainment of readiness while maintaining the level of support necessary to meet our global responsibilities. Proper funding of operation and maintenance is the critical element in our ability to control the sear lanes and preserve the peace. In recognition of the overall budgetary and economic concerns facing our Nation this year, we have stringently reviewed all requirements and we have carefully balanced our resources between readiness, sustainability, modernization and force structure, in order to achieve our national commitment of maritime strength in key ocean areas in conjunction with our allies. The steady course the Congress has helped set to rebuild the Navy, following the declines suffered in the 1970's, must be maintained. With your full support, we will reestablish the maritime strength so vital to America's security.

In fiscal year 1985, as in past years, our emphasis continues on fleet readiness, with increases to support higher force levels, prescribed readiness training, and reduction of executable depot maintenance backlogs. We are acutely aware of the strong competitive demand for the federal government's limited resources and have based our fiscal year 1985 budget request on a careful and thorough assessment of the most economic and efficient means to achieve our common objectives. In this regard, we have made a number of initiatives to improve the return on our defense dollars:

In the second half of fiscal year 1985, we will extend our test of stock-funding of depot level repairables to aviation items. As with the stock-funding of non-aviation depot level repairables, begun in fiscal year 1981, this procedure will give the user an incentive to economize in the use of these parts, thereby saving money, while better satisfying requirements through the increased parts availability inherent in the concept. We expect to save over \$400 million by stock-funding aviation depot level repairables. Also in the area of spare parts, we have established the Buy Our Spares Smart [BOSS] program, with over 100 individual initiatives, encompassing Secretary Weinberger's 10 point parts procurement policy initiatives. This program has been established to improve our ability to procure spare and repair parts as efficiently and economically as possible. The initiatives of this program encompass such areas as requirements determination, spare parts breakout, competition, obtaining more proprietary data from contractors, determining the "should cost" value of

parts by establishing a "price-fighter" team, improving training for the procurement work force, and establishing a hotline to encourage users familiar with the worth of an item to question unreasonable prices.

We have incorporated the benefits of several depot maintenance initiatives in the fiscal year 1985 budget, many of which reflect our implementation of "Grace Commission" recommendations. An example of these is the Aircraft Service Period Adjustment program, which results in more accurate portrayal of requirements, based on actual inspections of scheduled aircraft.

In ship maintenance, additional emphasis on selected restricted availabilities and the phased maintenance concept has allowed more ships which would have been due for full overhaul to be placed on extended operating cycles, thereby providing higher operational availability of the Navy's limited ship assets to the fleet without increasing maintenance costs. We believe that this administration's emphasis on improving management and efficiency of resource utilization is paying off and making itself evident in Naval readiness.

Chart 1 displays the total Department of the Navy Operation and Maintenance request of \$28.8 billion, which is an increase of \$4.3 billion over last year.

CHART 1.—APPROPRIATION SUMMARY FISCAL YEAR 1984 AND FISCAL YEAR 1985

[In millions of dollars]

Appropriation	Fiscal year—		Dollars change
	1984	1985	
O&M,N.....	\$22,293	\$26,248	+ 3,955
O&M,MC.....	1,563	1,683	+ 120
O&M,NR.....	636	830	+ 194
O&M,MCR.....	52	59	+ 7
Total O&M.....	24,544	28,820	+ 4,276

The Operation and Maintenance appropriations finance the day-to-day operation of forces located in the United States and around the world, and supports those operations which have the most direct and immediate impact on the current readiness of the Navy. The appropriation requests include operating funds for 545 deployable battle force ships, 87 strategic sealift ships, 4,862 average operating aircraft (including Navy, Marines and Reserves), 4 Marine divisions, and a network of shore installations and commands. Naval forces, operating under the control of the unified and specified commanders, deploy to the Indian Ocean; Northern, Eastern and Western Pacific; North Atlantic; Central and Eastern Mediterranean; and Caribbean and Central America regions.

OPERATION AND MAINTENANCE, NAVY

Chart 2 displays the Operation and Maintenance, Navy request of \$26.2 billion, which is \$4.0 billion above the current fiscal year 1984 estimate of \$22.3 billion. Our fiscal year 1985 request, if approved, will support increased Navy operating forces, including program increases in ship maintenance and modernization, Trident operations, aircraft operations (including Marine aircraft), fleet outfitting, and weapon systems support. Additionally, it will finance the total spectrum of increased activity within the Navy support establishment. The budget request also reflects the transition—on 1 April 1985—of the management of aviation depot level repairable secondary items from the Appropriations Purchases Account [APA] to the Navy Stock Fund [NSF].

CHART 2.—OPERATION AND MAINTENANCE, NAVY

[In millions of dollars]

	Fiscal year—			
	1983	1984	1985	1984-85
Strategic forces.....	1,661.6	1,946.4	2,271.6	+ 325.2
General purpose forces.....	10,345.7	10,338.5	12,209.0	+ 1,870.5
Intelligence and communications.....	927.3	1,052.0	1,147.9	+ 95.9

CHART 2.—OPERATION AND MAINTENANCE, NAVY—Continued

[In millions of dollars]

	Fiscal year—			
	1983	1984	1985	1984-85
Airlift and sealift.....	0.0	321.9	553.8	+ 231.9
Central supply and maintenance.....	5,637.1	5,982.0	6,957.9	+ 975.9
Training, personnel, and general personnel support activities.....	1,841.7	1,993.4	2,399.2	+ 405.7
Administration and associated activities.....	467.3	656.3	706.5	+ 50.2
Support of other nations.....	0.2	2.5	2.5	+ 0.0
Total O&M,N.....	20,880.9	22,292.9	26,248.4	+ 3,955.5

The fiscal year 1985 budget request for Strategic Forces reflects program increases in the Trident program and ship maintenance and modernization, including one additional ship overhaul. In addition, the Command, Control and Logistic support for the Trident program increases, reflecting an increased number of operational submarines and the Kings Bay, Georgia development.

Increases in General Purpose Forces occur in flying hours, ship operations, ship maintenance, fleet outfitting, and force support. The flying hour program provides 1,364 thousand hours to allow combat aircrews (both Navy and Marine) to maintain proficiency to conduct aircraft operations at 86 percent Primary Mission Readiness (PMR), including 2 percent simulators. Ship operating tempo provides 29 days per quarter for non-deployed fleets and 50.5 days per quarter for deployed fleets. The fiscal year 1985 ship operations program reflects a larger force and more operational ship months than in fiscal year 1984. In ship maintenance and modernization, the number of overhauls increases by 1 over fiscal year 1984, with a reduction in the backlog at the end of fiscal year 1985 to two ships, the lowest backlog in many years. While the number of overhauls does not increase substantially, the funding request supports a more complex mix of ships undergoing overhaul, reflects an increase of 20 in the number of selected restricted and phased maintenance availabilities, and reflects increased installations of previously procured ship modifications. Among the most critical of these are the extensive weapon system upgrades and survivability and safety alterations required to address lessons learned from the Falklands experience. Funding for construction battalion operations includes start-up costs for a new battalion, and the undersea surveillance program request includes funding for 5 additional T-AGOS ships in fiscal year 1985.

Increases budgeted for Sealift in fiscal year 1985 provide for one additional NTPF LASH ship for U.S. Army equipment, ten more MPS ships delivered to the Navy, and nine more commercial ships purchased and placed in the RRF. Also, there will be an increase in the partial reserve for termination liability of the TAKX (MPS) and T-5 tanker charter programs to reflect fiscal year 1985 deliveries.

The increase in Central Supply and Maintenance is related to several factors. Increases budgeted in fiscal year 1985 for depot level maintenance reflect growing populations of increasingly complex, state-of-the-art weapons and weapon systems. These increases are offset by two factors related to aviation depot maintenance: one is that the Aircraft Rework program reflects cost avoidances consistent with initiatives recommended by the President's Private Sector Survey on Cost Control task force. The other is the transition of funding for repair of Aviation Depot Level Repairables to the Navy Stock Fund. An additional increase in fiscal year 1985 based on the recommendations made by the task force for the President's Private Sector Survey on Cost Control is additional personnel and funds to continue the improvement of physical inventory at supply depots and to expedite material processing, thereby increasing the efficiency of the utilization of material procured in other accounts. Further, resources are included to support the Buy Our Spares Smart [BOSS] initiative which will, in total, produce more cost effective purchases of spare parts. The fiscal year 1985 request also reflects the migration of responsibility from RDT&E for in-service performance monitoring of nuclear propulsion equipment. Other program growth provides for accomplishing critical facility maintenance and repair projects, the upgrade of Unaccompanied Enlisted Personnel Housing Navy-wide, and the procurement of collateral equipment for the San Diego Naval Medical Center. Finally, 45 percent of the increase, \$436 million, is the result of accounting transactions to reflect pay cost increases for industrial fund personnel, and fiscal

year 1984 Congressional reductions, such as for fuel pricing, to industrial and stock funds.

Training, Medical, and Other General Personnel Activities include increases in specialized skill training, flight training, training support, and medical support. An increase in specialized skill training reflects the cost share transfer from the Department of Energy for nuclear power plant operator instruction. Flight training is increased for T-2C aircraft contract maintenance and for Undergraduate Naval Flight Officer/Technical Support Upgrade for contractor flight services. These reflect contract efforts previously performed by military personnel. Training Support reflects increases for initial (factory) training for delivery of increasing numbers of weapons systems budgeted in fiscal year 1981 and later. Prior to fiscal year 1981 initial training was budgeted in the procurement appropriations. Training Support also increases for contractor operation and maintenance of simulators in support of the disestablishment of the Training Deviceman rating. The growth for Medical Support provides for the additional clinical workload in Naval Medical facilities which will permit absorption of workloads which would otherwise result in a requirement for more expensive CHAMPUS funding. This strength change will also increase the workload at Civilian Operated Uniform Services Treatment Facilities. Additionally, responsibilities for operational systems of the Tri-Service Medical Information System [TRIMIS] is being transferred to the Services beginning in fiscal year 1985. Increases in General Personnel Activities reflect funding requirements for the Veterans Educational Assistance Program [VEAP], which increases due to the Veterans Administration estimated cost growth for the DOD program, and support of the Educational Assistance Test Program "cash out" option costs. At the same time, fiscal year 1985 reflects the transfer of resources to the O&M, NR appropriation associated with the recruiting of reserve force personnel. Increases in Base Support represent essential efforts to reverse the seriously deteriorating condition of training and medical plant property.

The majority of the increase in the Administration and Associated Activities line is due to development and implementation of military and civilian personnel pay and support systems, which are required to correct deficiencies in current systems recently decertified by the GAO.

OPERATION AND MAINTENANCE, NAVY RESERVE

The Operation and Maintenance, Navy Reserve fiscal year 1985 request of \$829.5 million is \$193.0 million above the fiscal year 1984 appropriation of \$636.5 million. Of the \$193.0 million increase, \$55.1 million is price growth, \$5.0 million is a transfer of functions from the O&MN appropriation, and \$73.6 million provides for stock-funding of Aviation Depot Level Repairable costs within the O&MNR appropriation. The remaining \$62.7 million is a summation of program increases and decreases throughout the appropriation which are necessary to support more modern forces and a higher Selected Reserve strength.

The appropriation consists of three budget activities: (1) Mission Forces; (2) Depot Maintenance; and (3) Other Support. In fiscal year 1985 Mission Forces provide for the operation and maintenance of 32 Naval Reserve Force ships with 31,533 underway steaming hours and for an average of 636 operating aircraft with 232,337 flying hours. Also included in Mission Forces is funding for 3 regular ship overhauls, 6 Selected Restricted Availabilities as well as intermediate level maintenance of ships and combat craft, operation of Surface Support Forces, overhaul and modernization of ship equipment and related support, operation of Special Combat Forces, and fleet operational support to NRF ships. Depot Maintenance, Budget Activity 2, provides support for the reserve aircraft rework program and the Contractor Engineering Technical Support [CETS] program. The fiscal year 1985 aircraft rework program includes funding for 163 airframe and 346 engine reworks. Other Support, Budget Activity 3, encompasses support for various command and administrative activities. In addition, to funding the headquarters in New Orleans and Washington, D.C., Other Support includes funding to operate and maintain 6 air stations, 2 air facilities, 16 readiness commands, 1 Naval Support Activity, as well as 256 minor installations supporting Naval Reserve Forces. Significant changes in several program areas displayed in chart 3 are discussed below.

CHART 3.—OPERATION AND MAINTENANCE, NAVY RESERVE

(In millions of dollars)

	Fiscal year—			
	1983	1984	1985	1984-85
Air Reserve Force.....	212.4	210.5	291.3	+ 80.8
Surface support force.....	6.2	6.9	6.1	- 0.8
Ship operation.....	37.0	38.9	43.8	+ 4.9
Ship maintenance.....	100.3	110.4	131.1	+ 20.7
Aircraft maintenance.....	106.7	107.3	145.7	+ 38.4
Contractor technical engineering services.....	9.1	8.2	8.3	+ 0.1
Base operations, MRP and management headquarters.....	149.5	172.6	189.2	+ 16.6
Recruiting and advertising.....	0.0	0.0	8.7	+ 8.7
Other.....	- 3.9	- 18.3	5.3	+ 23.6
Total O&M, NR.....	617.3	636.5	829.5	+ 193.0

The increase in the Air Reserve Force program is primarily attributable to stock-funding costs of \$70 million for Aviation Depot Level Repairable items within this appropriation. Program growth in the Naval Air Reserve Force supports increasing numbers of DC-9, F/A-18, SH-2F, E-28, F-4S, P-3B and A-7E aircraft which are offset by a reduction in the average operating numbers of F-4N, C-118, P-3A, and SH-3D aircraft.

The increase in Aircraft Maintenance of \$25.4 million results from higher industrial fund rates; another one million increase is for other price growth. Net program growth of \$12 million in Aircraft Maintenance is for increases in engine repairs and for the installation of modifications.

The increase in ship operations reflects an increase of 2 FFG-7 class ships into the Reserve program which is offset by the decommissioning of 4 ATFs, 1 MSO, and 1 ARS. Shipyears of 34.1 in fiscal year 1984 and 33.8 in fiscal year 1985 remain about level because of ship phasing schedules.

The Naval Reserve ship maintenance program grows in fiscal year 1985 as the Shorebased Intermediate Maintenance Activities [SIMA-NRMF] continue to increase their workload in support of the growing number of FF-1052 and FFG-7 class ships. Program growth in ship overhauls accommodates the cost of U.S.S. *Edson* (DD-946) overhaul and reflects two fewer MSO overhauls.

Base Operations and Maintenance of Real Property programs continue to grow as the Naval Reserve improves its management and support for the growing Selected Reserve which increases from an average SELRES strength of 102,704 in fiscal year 1984 to 109,650 in fiscal year 1985. Beginning in fiscal year 1985, the Commander Naval Reserve Force assumes the financial responsibility for recruiting Naval reservists from the Navy Recruiting Command.

The increase in "Other" listed on Chart 3 is primarily due to accounting transactions to reflect the fiscal year 1984 fuel price stock fund rebate.

CIVILIAN MANPOWER

Civilian manpower comprises a vital segment of the Department of the Navy's manpower resources, with the majority being directly related to our readiness posture.

The budgeted civilian end-strength of 339,058 in fiscal year 1983, 339,647 in fiscal year 1984 and 339,566 in fiscal year 1985 represents an essentially level request. The fiscal year 1984 end-strength incorporates fiscal year 1984 Defense Authorization Act reductions, including a 5-percent headquarters cut, as well as congressionally directed accommodation of supply staffing growth. The fiscal year 1984 estimate also reflects the lifting of civilian ceilings on industrial fund activities as provided in Section 771 of the fiscal year 1984 Defense Appropriations Act. Finally, resources are requested to implement the Secretary of Defense's spare parts acquisition improvement program, known in the Navy as Buy Our Spares Smart [BOSS].

The fiscal year 1985 request reflects a slight decrease from fiscal year 1984. This includes changes in personnel phasing as well as some workload related decreases at industrial fund activities, with increases at a number of non-industrial fund activities in direct readiness and other essential support areas such as supply, fleet support, Marine Corps programs, acquisition and facilities oversight, and intelligence and investigative programs.

Specific fiscal year 1985 adjustments are summarized in Chart 4.

CHART 4.—Civilian end-strength

Fiscal year 1984 current estimate	339,647
Industrial workload/personnel phasing	-2,521
Central supply	+390
Fleet support	+327
Marine Corps support	+445
Acquisition/facilities oversight	+294
Intelligence and investigative programs	+281
Other	+703
Fiscal year 1985 request	339,566

Under the industrial fund civilian ceiling exemption in fiscal year 1983, the Department of the Navy did realize limited benefits, primarily as a result of the flexibility to make workload phasing adjustments through retention of temporaries at the end of the fiscal year who otherwise would have been dropped to reach end-year ceilings. However, it is our conclusion that the short initial leadtime and duration of the exemption did not allow for a valid test, and that a 3- to 5-year period is needed to allow us to plan for meaningful workload and manpower adjustments. A detailed assessment has been provided to the Secretary of Defense for incorporation into a report for Congress. The Department continues to recommend elimination of all statutory civilian ceilings for both industrial and non-industrial fund employment. Civilian manpower levels should be determined by the level of funded program approved by Congress.

The Department of the Navy is also aggressively pursuing achievement of manpower economies and efficiencies. During fiscal year 1983, we conducted A-76 cost studies on 6,400 civilian positions, of which 3,100 were determined to be more cost-effective if converted to contractor performance, at estimated annual savings of \$26.3 million. The Department expects to continue to study about 6,000 positions per year over the next few years. Actual savings are reflected in the budget, but projected contracting-out adjustments are not shown in advance in compliance with congressional direction. The Department is also implementing an Efficiency Review [ER] program for functions not subject to A-76 studies, and is participating in Defense Retail Interservice Support [DRIS] studies seeking cost-effective consolidation of interservice-compatible support functions.

The relationship of our civilian employees to readiness should be stressed. Over half of our civilian force works in industrial fund activities and are primarily engaged in depot level maintenance and repair of ships, aircraft and ordnance. Others provide essential readiness related supply support and base maintenance, while others are engaged in essential support functions at medical, engineering, acquisition, and research and development activities. These personnel are essential in order to build, equip and maintain a 600-ship Navy and provide for increased Marine Corps capabilities.

A display of total DON civilian personnel is provided in Chart 5.

CHART 5.—CIVILIAN MANPOWER COMPANY

	Fiscal year—			
	1983	1984	1985	1984-85
Total—Department of the Navy.....	339,058	339,647	339,566	-81
Navy	317,684	318,315	317,727	-588
Marine Corps.....	21,374	21,332	21,839	+507

READINESS

Readiness indicators give us a way of summarizing the effect of budgetary changes on the Navy's ability to respond when called upon. The readiness goal is to provide for operation and support of our existing forces at a level that will permit the Navy to respond when, where, and at the level required. These indicators show

that substantial improvement has been attained in readiness between the beginning of fiscal year 1981 and end of fiscal year 1983.

Overall combat readiness of strategic and general purpose forces has steadily improved, and it is important to note that this has occurred as force structure also increased. The overall combat readiness of ships is up 26 percent, while the number of combatants increased by 36. Combat readiness ratings for aircraft squadrons are up by more than 24 percent. We are clearly on course in our readiness improvements. The fiscal year 1985 budget continues that course. In the below tables are displayed some budget indicators which reflect the same message of readiness improvement.

For ship operations, budget increases accommodate force changes and additional operating months. Non-deployed and deployed coverage will continue as in fiscal year 1984, with carrier battle groups deploying in world-wide operating areas. Steaming days per quarter budgeted for fiscal year 1985 remain in constant with the enacted fiscal year 1984 program. Chart 6 displays the factors in the fleet operational tempo:

CHART 6.—SHIP OPERATIONS

	Fiscal year—		
	1983	1984	1985
Ships (days/qtr):			
Active Forces:			
Deployed.....	¹ 55.5	² 52.7	³ 50.5
Nondeployed.....	27.0	² 29.2	³ 29.0
Reserves.....	14.7	14.7	14.7

¹ Reflects fiscal year 1983 actual accomplishment which includes Lebanon operations.

² Includes Lebanon and Grenada supplemental. Enacted appropriation provides 50.5 and 29.0 days per quarter for deployed and nondeployed fleets, respectively.

³ Does not include contingency operations.

Chart 7 summarizes various categories of activity and levels of funding for maintenance and modernization of active forces. The ship maintenance program reflects an increase of two overhauls, an increase of 20 in numbers of selected restricted and phased maintenance availabilities; and extensive survivability, safety and weapons upgrade modernization from fiscal year 1984 to fiscal year 1985. Additionally, the overhaul backlog declines to two in fiscal year 1985, a level which is significantly below prior years and due in large part to your understanding and support of the ship maintenance and modernization program.

CHART 7.—SHIP MAINTENANCE AND MODERNIZATION

[In millions of dollars]

	Fiscal year—					
	1983		1984		1985	
	No.	Dollars	No.	Dollars	No.	Dollars
Ship overhauls.....	59	2,488.0	54	2,379.7	56	2,810.4
RA/TA.....		919.2		1,061.1		1,200.9
Modernization.....		895.1		1,045.1		1,480.1
IMA.....		298.1		330.6		364.2
Technical support.....		124.2		114.6		120.2
Outfitting.....		197.6		269.4		353.2
Berthing and messing.....		38.6		33.9		43.3
Inactivations (SALT).....		33.4		45.4		0.0
Total.....		4,994.2		5,279.8		6,372.3
Deferred Overhauls.....	14		12		2	

The Flying Hour program is budgeted for Primary Mission Readiness (PMR) of 86 percent for fiscal year 1985, an increase of 3 percent over the fiscal 1984 level. The CNO goal for PMR is 88 percent. Moreover, the flying hour program provides flying hours for seven new squadrons (4 F/A-18, 2 SH-60B, and 1 CH-53E). The fiscal year

1985 budget reflects a return to a level of readiness required to support thirteen deployable airwings, while at the same time providing significant achievable PMR increases for Marine Corps squadrons.

CHART 8.—AIRCRAFT OPERATIONS

(In percent)

	Fiscal year—		
	1983	1984	1985
Primary mission readiness (includes 2 percent simulators)	83	83	86

The readiness indicator used for aircraft material readiness is the Mission Capable (MC) rate. This budget reflects an increase in mission capable rate from 66 percent in fiscal year 1983 to 67 percent in fiscal year 1984, and to 70 percent in fiscal year 1985. This means that 70 percent of DON aircraft will be able to perform at least one of their assigned missions at any given time. We also expect an increase in the Full Mission Capable rate, the percentage of aircraft able to perform all of their assigned missions.

CHART 9.—AIRCRAFT MAINTENANCE AND MODERNIZATION

(Dollars in millions)

	Fiscal year—		
	1983	1984	1985
Airframe rework	\$265.3	\$339.0	\$454.5
Engine rework	182.3	206.6	344.2
Component rework	846.0	1,149.2	740.8
Installation of mods	215.3	257.1	307.8
Support services	43.0	48.1	69.9
Mission capable rate (percent)	66	67	70

CONCLUSION

I appreciate this opportunity to describe the Department of the Navy's fiscal year 1985 budget request. This budget is part of the building effort to achieve the war-fighting capability necessary to meet the threat. We have, with very limited real growth, improved readiness and sustainability while continuing our progress toward a 600-ship Navy.

Senator HUMPHREY. Admiral Daniels?

STATEMENT OF REAR ADM. WILLIAM D. DANIELS, U.S. NAVAL RESERVE, DEPUTY COMMANDER, NAVAL RESERVE FORCE

Admiral DANIELS. Thank you, Mr. Chairman.

I am happy to tell you that our Naval Reserve has had a pretty good year since Admiral Dunn last appeared before you.

We have been involved throughout the world. We have had a lot of people in the Eastern Mediterranean, as Admiral Lyons mentioned.

I think our efforts in support of the *New Jersey* are reasonably well known, but we have done a lot of other things. It never ceases to amaze me how easy it seems to be to get naval reservists to volunteer to do a job that needs to be done.

Most of the accomplishments come under the heading of what we call mutual support; in other words, doing the best we possibly can

to support surge requirement of the Active Forces while receiving valuable mobilization training.

We have been heavily involved in Central America. We have had medical units in Honduras on the Big Pine II exercise and special boat units working with elements of the Honduran Navy in that area.

Our Naval Air Reserve Force worked off U.S.S. *Coral Sea* prior to her entering overhaul.

We, too, were in the northern end of the Sea of Japan looking for the black box from the terribly unfortunate 747 loss.

We participated in every major fleet exercise that has been conducted this fiscal year.

We are happy to report that our new equipment is being well received. We are doing our best to stay up to speed to meet the training requirements for manning these much more sophisticated ships, considerably more sophisticated than anything we have had in the past.

Our Sea Bee units are busy. Principally, their training has been at home. Most of that training takes place within the continental limits, but our airborne detachments are busy throughout the world. They are deploying to the sites that they will mobilize to in the event that they are called.

We are having some growing pains. The size of the Selected Reserve is expanding rapidly. We have recruiting problems.

The people that we are trying to recruit and retain are young folks who are pretty highly mobile. We do our dead level best to keep them in the type units that they are trained to participate with, but we can't always require them to be in the geographical location where we would like to have them.

Overall, we have had an excellent year and our readiness is up sharply.

I will be happy to answer any questions you may have, sir.

[The prepared statement of Admiral Daniels follows:]

PREPARED STATEMENT OF REAR ADM. WILLIAM D. DANIELS, USNR, DEPUTY
COMMANDER, NAVAL RESERVE FORCE

Mr. Chairman and members of the committee: It is my pleasure to appear before you today to outline the current status of the Naval Reserve and present our program for fiscal year 1985.

I have the privilege of serving as Deputy Commander, Naval Reserve Force, Rear Admiral Kempf's deputy at his headquarters in New Orleans, and as Commander, Naval Surface Reserve Force. This morning I am prepared to discuss the overall readiness of the Naval Reserve and the special items in the President's fiscal year 1985 budget request which will enable us to continue our upward trend.

THE NAVAL RESERVE MISSION

The Naval Reserve is an integral part of the Navy's structure and is essential to the successful execution of the Navy's mission. As Admiral Watkins has stated, our national military strategy rests on three fundamental pillars: deterrence, forward defense, and allied solidarity.

The Naval Reserve's role is to contribute to the overall Navy capability in the first two of these pillars. Obviously, a strong Naval Reserve is an effective part of the Navy's deterrence capability. The contribution of the Naval Reserve to the Navy's forward defense capability is more subtle, but is of growing importance. A Naval Reserve which is integrated fully into the Navy's structure provides support to the Navy's active forces, permitting, as a by-product of training, more efficient use of deployed Naval forces.

The Navy's goal is a 600 ship, 15 battle group force to achieve the capability necessary for the success of its maritime strategy. We must continue to improve the readiness and sustainability of the Naval Reserve so that it can be a more effective part of this strategy. The Naval Reserve mission is stated simply: to be trained and ready for mobilization, ready to be a part of the Navy that wins the war at sea.

TODAY'S NAVAL RESERVE

I am pleased to report that the capability of the Naval Reserve continues to improve. Our readiness indicators are up. Selected Reserve strength continues to grow. The match of individual skills with mobilization billet requirements has increased. The program for modernization of equipment has been accelerated. Training opportunities are being made more interesting and productive. These gains have resulted in a parallel improvement in the support we provide to active Navy units as a by-product of mobilization training—what we call Mutual Support.

Selected Reserve strength

One of the most encouraging signs of improvement in the Naval Reserve is our gains in Selected Reserve (Category A) strength. Our authorized Selected Reserve average strength for fiscal year 1983 was near 92,5000 and is just over 96,000 for fiscal year 1984. The Naval Reserve exceeded the fiscal year 1983 strength floor by reaching 95,955 at the year's end. Our growth has continued to increase to over 97,100 at the end of January 1984.

We have, however, seen a leveling off trend. The nation's improving economic climate, plus the tasking of additional recruiting for our new Sea and Air Mariners and accelerated TAR growth, has adversely affected the results of a relatively small recruiting force. We are working to obtain additional recruiters and associated support funds this year to maximize our efforts to recruit and retain the highest quality personnel in the Naval Reserve.

I am optimistic that, although we have raised our fiscal year 1984 end strength objective by more than 5,000 over what it was last year at this time, we will meet our target of 108,000 Selected Reservists in Category A and other Reservists on Initial Active Duty Training.

Improved match of selected reservists

The positive management actions we instituted to improve the match of skills of individual Selected Reservists and their mobilization billet requirements are working. In fiscal year 1982 we implemented the Naval Reserve Recruiting and Manning Objectives System (NAVRES RAMOS), which is designed to match accessions with Selected Reserve mobilization requirements, thereby improving the quality of manning in the Selected Reserve. This system controls accessions in significantly overmanned ratings and provides the highest incentives for recruiters to fill ratings which are most severely undermanned.

We are also encouraging the cross training and subsequent transfer of personnel, who are in skill areas which are full relative to requirements, to areas of relative shortage. The overall trend of the Selected Reserve in matching skills to mobilization requirements is moving toward our goal of a one hundred percent match of skills and billets.

Improved training

Providing quality mobilization training to members of the Naval Reserve is a constant challenge. It is particularly difficult during times of personnel strength increases, evolving force structure, and upgrading of equipment. However, we are making real progress. Spearheading the drive to improved training is the Naval Reserve Force (NRF) Frigate Program. Innovative approaches for qualification training are being developed, including:

- Intensive Naval Reserve Force Pre-arrival Crew training which commences two years prior to transfer of the ship to the Naval Reserve Force.

- The development of FFG-7 (NRF) and FF-1052 (NRF) Navy training plans which include all SELRES training requirements.

- Formal onboard training packages to improve the performance of individuals and teams.

- The inclusion of Naval Reserve requirements in existing Navy training plans.

- Improved utilization of Fleet Training Centers on weekends.

- An ambitious Shipboard Simulator and Damage Control Training Program.

We are continuing to emphasize training with the active Navy gaining command to which the unit or individual will mobilize. This concept of training has proven to

be most effective. It provides realistic hands-on training opportunities for Reservists which improve individual readiness and is a positive motivator for participation and retention. It also provides opportunities to support active force units as a by-product of such training (Mutual Support) and makes active force personnel more aware of the capabilities and dedication of Naval Reservists. We are requesting additional funds for the Weekend Away Training (WET) program that makes much of this productive training possible.

Readiness improvements

The overall Naval Reserve Force Readiness has shown modest improvement since last year, which I attribute to quality improvements in personnel training and hardware.

The readiness of our aviation units continues to show a consistent pattern of improvement. The benefits of the concerted effort to modernize the force are being realized in terms of greater operational capability and better trained personnel. We have enjoyed an approximately 10-percent increase in readiness from the positive trend reported to you at this time last year. A-7B TF-30 P408 engines, isolated personnel shortages, and the temporary decrease in reported readiness associated with transition are three areas which still need improvement. I am confident, however, that existing and proposed programs will enable us to continue our progress in aircraft squadron readiness.

The readiness status of ships assigned to the NRF continues to remain relatively stable. While we did have some degradation in readiness because of personnel shortages, we have taken steps to improve manning aboard our ships. We have directed field activities to place first priority on recruiting to ship vacancies. Additionally, we have provided for additional drills (up to 30) for Selected Reservists assigned to NRF ships, initiated a pilot program for remote manning in Charleston, and developed a proposal for an incentive pay for personnel assigned to such difficult-to-man units.

Readiness of our other commissioned Naval Reserve surface units has continued to improve. For the period ending this past January, we have seen a steady 6-percentage point growth over the past year and a half in units fully capable of meeting assigned missions. Further, Navy's fiscal year 1985 budget contains increased funds for equipping these units.

In our reinforcing/sustaining units we are showing even better progress. Over the past year and a half we have shown a 17-percentage point improvement in readiness of units essentially capable of meeting assigned missions. Concurrent with this has been a 22-percentage point increase in personnel qualified for their mobilization billets at a time when we have expanded from approximately 65,000 to over 81,000 billets in reinforcing/sustaining units.

Mutual support

Mutual Support is the method of providing direct assistance to the Navy in the performance of its peacetime mission as an increasingly important by-product of mobilization training. We are continuing to emphasize this concept because of its high efficiency. It benefits the Navy in the form of real work performed and the Reservist in the form of realistic training and the satisfaction of participating in day-to-day Naval functions. Examples of our efforts in this area during fiscal year 1983 and continuing through the present, are:

Reserve patrol squadrons (P-3's) routinely provide fleet ASW support at Bermuda, Lajes, and Cubi Point during active duty training periods. In addition, Naval Reserve patrol squadrons dedicated 800 flight hours in fiscal year 1983 to the Vice President's Drug Interdiction Program, resulting in the eventual apprehension of several drug runners. One example was the seizure of the M/V Northern Light and confiscation of \$44 million worth of marijuana.

Reserve tactical attack and fighter squadrons provide friendly and opposition forces for war-at-sea, fleet air defense, and air-to-air warfare exercises for workup training of deploying battle groups. For example, in April 1983, we deployed 18 F-4 aircraft from two Dallas based Reserve fighter squadrons to NAS Sigonella for Exercise National Week XXXII. These units provided extensive support for the CTF-60 Task Group while conducting invaluable mobilization training.

Reserve Composite Squadrons provided over 5,000 hours of services to fleet units by participating in Dissimilar Air Combat Training, acting as target aircraft for air intercept training and radar tracking exercises, and by performing the role of aggressor aircraft in fleet exercises.

Reserve transport squadrons furnish the entire domestic fleet logistic support and augment the Mediterranean, including the Lebanon Multinational Contingency

Force, on a regular basis. C-9B's also routinely deploy to the Western Pacific. Of particular note, a Naval Reserve C-9B helped evacuate wounded Marines and sailors to hospitals in Italy and Germany after the terrorist bombing at the Beirut airport, and four Reserve C-9B's contributed airlift support during the Grenada Operation.

Naval Reserve force ships include modern FF-1052 and FFG-7 frigates and special boat units under operational control of fleet commanders. Using mixed active/inactive crews, they integrate fully into fleet exercises and underway training schedules. For instance, NRF ships participated in Solid Shield 83 and Varsity Player 83, and NRF fleet tugs provided target tow services to fleet ships during weekend training.

Shore Intermediate Maintenance Activity Reserve units provided more than 83,000 mandays during fiscal year 1983 in direct support of ship overhaul and rework projects at intermediate maintenance level activities. For example, the Naval Reserve Maintenance Training Facility in Orange, Texas, built and delivered to the fleet 100 boiler inspection devices at a cost savings to the Navy of \$1,600 per unit.

The Reserve Naval Construction Force, which constitutes 68% of Navy's total construction force structure, contributes approximately 35,000 mandays yearly at various stateside and overseas projects. These projects have included rehabilitating facilities at the Naval Recreation Center, Solomon's, Maryland; Naval Station Guantanamo Bay; and Naval Station Panama.

More than one third of all intelligence information processed for day-to-day fleet support is produced by Naval Reservists. Intelligence Units also stand watches on a regular basis, including CNO and Fleet Commanders-in-Chief intelligence plots.

Supply Systems Command units participate in stock control, warehousing, traffic management, stock purification, materials identification, and other areas covering the entire spectrum of the Naval Supply Systems Command's tasks and responsibilities.

Cargo Handling Battalions assisted active commands in movement of cargo for storage and load-out of deploying units.

One instance of support to the active Navy by Naval Reservists is particularly noteworthy. Recently, 135 Navy Selected Reservists were picked from over 850 volunteers to relieve regular crew members of U.S.S. *New Jersey* so that those crew members could take holiday leave. Reserve C-9's provided the airlift for transporting both the Reservists and the regular crew members to and from U.S.S. *New Jersey*. This program proved so successful that it will continue for two more rotational cycles, which we expect will involve more than 200 additional Selected Reservists.

FISCAL YEAR 1985

The program for the Naval Reserve in fiscal year 1985 is one of continued growth and modernization. It is based on our accomplishments to date and reflects the support of the Navy to ensure that the Naval Reserve becomes fully capable of performing its assigned missions and tasks. Our fiscal year 1985 program calls for increased Reserve personnel strength, accelerated force modernization and increased funding support.

Reserve personnel strength

The average paid drill strength requested for fiscal year 1985 is 105,688. This reflects an acceleration of phased growth to meet our Selected Reserve requirements, as validated by the Navy Manpower Mobilization System [NAMMOS]. Our plan calls for reaching 110,000 of these Selected Reservists in Category A by the end of fiscal year 1985.

An essential part of our Selected Reserve growth plan is the new non prior service accession program, the Sea and Air Mariner, or SAM, which we introduced this year. Approximately 50 percent of our total enlisted requirement is for E4 or below personnel. The Naval Reserve has over 17,000 vacancies in this area today.

The SAM program offers a variety of initial skill training options. They include the traditional Navy "A" school, a program for split summer training for high school juniors and for seniors who are planning on college, and an advance pay grade program which gives credit for civilian acquired skills. Those personnel training for designated critical skills may receive either a \$2,000 Enlistment Bonus or as much as \$4,000 in Educational Assistance. All SAMs will attend Navy Basic Training and either "A" school or the Apprenticeship Training Program. It is important

to note that twenty percent of the NAMMOS E4 and below billet requirements do not call for traditional Navy "A" school training.

The SAM program will not only enable us to fill many of our vacant positions for junior enlisted members in our ships, squadrons and medical support units, it will also add a new measure of vitality to the Naval Reserve.

Our planned accession level of new Sea and Air Mariners translates into an average strength of 3,303 during the year with an end strength of 2,640 in Training Category F.

A program for direct accession of officers into our Selected Reserve is under development for implementation in fiscal year 1985, as a method of resolving our junior officer shortages.

The planned strength of personnel in the Individual Mobilization Augmentee (IMA) program increases to an average strength of 659 and to an end strength of 750.

We are requesting an increase of 1,564 in the end strength of Reservists on full-time active duty [TAR's] in support of the Naval Reserve growing to 15,410 by the end of fiscal year 1985. Part of this growth (180) is the result of a further identification of Reserve Program billets and the requirement to account for them in the Reserve Personnel, Navy [RPN] appropriation. The remaining 1,384 represent program growth and are required for transition to A-7E and SH-2F aircraft and manning improvements in other squadrons (213); the manning of the second two *Oliver Hazard Perry* class frigates (FFG-7's), less the manning associated with decommissioned Naval Reserve Force [NRF] ships (35); further expansion of our Shore Intermediate Maintenance Activities [SIMA's] (392); establishment of a Master Augment Unit and Squadron Augment Units (939); increases in aviation base operation and headquarters support, primarily for recruiting and processing support for the SAM program (286); and an associated increase in the transient account, plus intelligence program and headquarters support (69).

These various categories of Naval Reservists result in a fiscal year 1985 request for an average strength of 124,200, with a planned end strength of 128,800 as indicated in the following table:

NAVAL RESERVE STRENGTH REQUEST

	Average strength	End strength
Selected Reserve—CAT A (48 drills/2 weeks ACDUTRA)	105,688	110,000
Training pipeline—CAT F (while on initial ACDUTRA only)	3,303	2,640
Individual mobilization augmentees—CAT D (2 weeks ACDUTRA only)	659	750
Full-time support personnel (TARs and section 265 recalls)	14,550	15,410
Total	124,200	128,800

FORCE STRUCTURE AND EQUIPMENT

Equipment modernization

As Secretary Lehman has stated, the Naval Reserve must be capable of providing immediate augmentation to the active force in time of emergency across the entire spectrum of warfare. He also noted that "to implement that commonsense policy requires providing the Reserves with equipment compatible with the active forces." I am pleased to report that the comprehensive modernization program for the Naval Reserve continues to accelerate.

The implementation of the NRF ASW Frigate Plan is on schedule. Six FF-1052 class frigates are already in the force, and the first of three FFG-7's programed for this year, U.S.S. *Duncan*, was received on schedule in January. The Naval Reserve ASW force will continue to build until 8 FF-1052's and 16 FFG-7's are in the force in 1988. This program will probably be expanded to a 26 ship level by 1990. These ships will be augmented by SH-2F Lamps MK 1 helicopter squadrons, the first of which will join the Reserve force in 1984. All NRF ASW ships will have Reserve SH-2F detachments assigned. A major portion of organizational and intermediate maintenance for these ASW ships will be provided by collocated Naval Reserve Shore Intermediate Maintenance Activities [SIMA's]. We now have four of these facilities in operation with more to follow as homeporting plans are finalized.

The Naval Reserve Force currently comprises 85 percent of the total Navy Minesweeper [MSO] capability. As these older ships are decommissioned, they will be replaced in the NRF by new Mine Counter Measure [MCM] and Minesweeper Hunter [MSH] ships, both of which will have significantly increased capabilities.

The portion of our structure devoted to medical programs will expand significantly, since the mobilization requirements for Healing Arts personnel have increased from 4,500 in fiscal year 1982 to over 17,000 by the end of fiscal year 1985. These requirements are for backfilling Naval Hospitals as active duty staffs are reassigned to meet contingency requirements, and for supporting Fleet Hospitals, Fleet activities, and the Fourth Marine Division/Wing Team.

Transition training supporting the integration of the F/A-18 into the Naval Reserve is proceeding as scheduled. VFA-303, the initial squadron, was established in January 1984 and will continue to operate and maintain Fleet Readiness Squadron [FRS] aircraft until receiving their own in 1986. That same year, our second squadron, VFA-305 from NAS Point Mugu, California, will also be established.

The introduction of the A-7E into the Naval Reserve has been accelerated. The first squadron completed transition this year; a second squadron will transition next year. We are making every conceivable effort to replace our A-7B aircraft, which have been plagued by chronic engine problems.

Although the transition of the first squadron to the E-2C aircraft was not programmed until fiscal year 1984, the transition occurred in May of last year. The remaining squadron is programmed for transition in fiscal year 1988.

Our Reserve fighter force is also being modernized. The two remaining F-4N squadrons are in transition to the more capable F-4S. In fiscal year 1985, we will introduce the first F-14's into the Naval Air Reserve as replacements for the F-4S assigned to the other two fighter squadrons.

These improvements will permit our Reserve carrier air wings to operate the front line aircraft necessary to meet projected operational requirements in countering the emerging threat.

Although our carrier air wing modernization program does not yet provide for replacement of EA-6A (EW) or KA-3B (tanker) aircraft, or the introduction of the A-6E or S-3 aircraft into the Naval Reserve, the Navy is addressing these issues.

The SH-2F Lamps MK 1 is also on schedule, with the first squadron transitioning this year. The second squadron will follow in fiscal year 1985. A third squadron will be established in fiscal year 1986.

The TACNAVMOD program will upgrade the Naval Reserve P-3A/B Maritime Patrol aircraft to meet the ASW threat of the 1980's. We will have the 13 VP RESFORONs TACNAVMOD equipped by fiscal year 1986, an acceleration of more than a year over last year's plan. All 134 Reserve aircraft will be modified by the end of fiscal year 1987. To date, 61 modification kits have been procured for the Naval Reserve. Twenty-seven kits will be procured from fiscal year 1984 funds. The balance of the requirement will be met by the reassignment of already modified aircraft to the Naval Reserve from the active force by the end of fiscal year 1987.

The schedule for replacing the retiring C-118 aircraft with used commercial DC-9's has accelerated, primarily as the result of congressional support. Two DC-9's were procured last year. We are reviewing responses to our Request for Proposal [RFP] to procure two additional aircraft with the \$14.1 million still available from funds provided by Congress for the Naval Reserve in the Guard and Reserve Equipment appropriation for fiscal year 1983. In addition, the Navy has released the RFP to solicit bids to procure eight additional used DC-9's with the \$51 million provided by Congress in fiscal year 1984. The Aircraft Procurement, Navy [APN] appropriation includes \$33.9 million to procure DC-9 aircraft, since the \$51 million provided in fiscal year 1984 may not be sufficient in today's volatile used aircraft market. We plan to procure used aircraft by 1985, up to the required total of 10 DC-9's.

Major equipment shortfalls still remain in many areas of the Surface Reserve. The most significant areas are in the Mobile Construction Forces, Cargo Handling Battalions and Beach Groups. These shortages include major equipments such as earth moving equipment, trucks, trailers, weight handling equipment and a sizable shortage of tools, clothing, bedding, tents, etc. The Navy has an aggressive plan to address these shortages throughout the Five Year Defense Plan [FYDP]. We still have some shortages of medical equipment. However, most requirements for Marine Corps support units were funded in fiscal year 1983 and 1984.

FISCAL YEAR 1985 FORCE STRUCTURE

The Naval Reserve is programmed to contain the following commissioned units by the end of fiscal year 1985: 32 Ships: 1 Destroyer (DD); 11 Frigates (FF); 17 Mine-

sweepers (MSO); 2 Tank Landing ships (LST); 1 Salvage Ship (ARS); 4 Special Boat Units (Numerous craft); 17 Mobile Inshore Undersea Warfare (MIUW) Units; 17 Mobile Construction Battalions (MCB); 6 Cargo Handling Battalions (CHB); 52 Squadrons of Aircraft: 2 Carrier Air Wings (CVWR); 4 Fighter Squadrons (VF); 1 Strike-Fighter Squadron (VFA); 5 Attack Squadrons (VA); 2 Light Photographic Squadrons (VFP); 2 Carrier Airborne Early Warning Squadrons (VAW); 2 Tactical Electronic Warfare Squadrons (VAQ); 2 Aerial Refueling Squadrons (VAK); 2 Patrol Wings (RESPATWINGS); 13 Patrol Squadrons (VP); 1 Helicopter Wing (HELWING RES); 2 Helicopter Anti-submarine Squadrons (HS); 2 Helicopter Anti-submarine Squadrons, Light (HSL); 1 Helicopter Combat Support Squadron (HC); 2 Helicopter Attack (light) Squadrons (HAL); 1 Fleet Logistics Support Wing (FLELOGSUPWING); 12 Fleet Logistic Support Squadrons (VR); and 2 Fleet Composite Squadrons (VC).

The Naval Selected Reserve also has over 2,500 Reinforcing and Sustaining units organized and trained to support the following Naval programs:

Submarine forces	Military sealift
Mine forces	Naval control of shipping
Mobile logistics support forces	Bases and stations
Surface combatant forces	Naval material command
Air forces	Air systems
Construction forces	Electronics systems
Amphibious forces	Facilities engineering
Marine Corps	Sea systems
Special warfare forces	Civil Defense
Major fleet/force commands	Supply systems
Unified/joint shore commands	Merchant marine
Support of allies	Medical
Telecommunications	Training
Security group	Personnel systems
Intelligence	Public affairs
Oceanography	Law
Research	Chaplain
Shore intermediate maintenance activities	Selective Service

NAVAL RESERVE FUNDING REQUEST

The Naval Reserve is supported primarily by two appropriations: Reserve Personnel, Navy [RPN] and Operation and Maintenance Navy Reserve [O&MNR]. The President's budget also requests over \$70 million in the Aircraft Procurement, Navy [APN] appropriation to be used for procurement of used DC-9 aircraft and necessary modifications for Navy Reserve aircraft, plus more than \$14 million in the Other Procurement, Navy [OPN] appropriation.

The OPN funds are earmarked for various support and training equipments including Shore Intermediate Maintenance Activities [SIMA] equipment, cryptological equipment, Civil Engineering Support Equipment, Shipboard Simulators [SBS's], and Damage Control Trainers [DCT's] to train our ship reinforcement units.

Further, the Military Construction, Naval Reserve [MCNR] Appropriation request of \$60.8 million will provide much needed facilities construction, design, and land acquisition for the Naval and Marine Corps Reserve. The total support for the Naval Reserve exceeds \$2 billion for fiscal year 1985.

I would like to discuss the Reserve Personnel, Navy and Operation and Maintenance, Navy Reserve appropriations in some detail.

Reserve personnel, Navy

The Reserve Personnel, Navy [RPN] appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two provides funding for Other Training and Support, including active duty TAR personnel, the Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship program, and the Navy Junior Reserve Officer Training Corps. The total fiscal year 1985 RPN appropriation request is for \$1,131.6 million, which consists of \$588.2 million for Budget Activity One and \$543.4 million for Budget Activity Two.

This funding request will support an average strength of 124,200 Naval Reservists in a paid status, including 14,550 full-time support personnel [TAR's]. This reflects an increase of \$364.7 million over fiscal year 1984. Retired pay which, beginning with fiscal year 1985, will be accrued in each of the military personnel appropria-

tions, accounts for \$283.3 million. Additional costs associated with the 1 January 1984 pay raises are \$9.9 million, and \$3.0 million is for price escalation. Increased Variable Housing Allowance cost for full-time support personnel accounts for \$2.7 million. Program growth is \$65.8 million.

The average strength of the drilling Reserve will increase 6,946 and the average strength of full-time support personnel will increase 1,754. There is a thirty-three percent increase in number of annual active duty training periods allocated for members of the Individual Ready Reserve, and a 10 percent increase in mandays for school and special active duty for training periods. Enlistment and reenlistment bonuses will increase \$2.3 million, mostly for Sea and Air Mariners.

The requested increases will allow the Naval Reserve to comply with Congressional guidance to increase Reserve manning for Naval Reserve Force ships and to continue our growth in Selected Reserve strength to meet NAMMOS requirements.

Operation and maintenance, Navy Reserve

The other major appropriation which supports the Naval Reserve is Operation and Maintenance, Navy Reserve [O&MNR]. The Naval Reserve is dependent upon funds in this appropriation for support of mission forces, depot maintenance, and other support. Mission Forces includes funds for fuel, intermediate maintenance, repair parts and related support for the operation of aircraft in both the Naval and Marine Corps Reserve. It also includes operating and maintenance funds for Naval Reserve Force [NRF] ships. Depot Maintenance includes funds for the rework of aircraft and engines, the installation of aircraft modifications, and Contractor Engineering Technical Services support. Other Support provides funding to operate and maintain the Air Stations, Reserve Centers, and Reserve Facilities supporting Naval Reserve forces and for various command and administrative activities, including recruiting.

The funding requested for the O&MNR appropriation for fiscal year 1985 is \$829.5 million, which is a \$193.0 million net increase over the fiscal year 1984 funding level of \$636.5 million. Mission Forces (Budget Activity 1) increases \$104.3 million, Depot Maintenance (Budget Activity 2) increases \$63.4 million and Other Support (Budget Activity 3) increases \$25.3 million. Program growth is \$138 million, \$73.6 million of which results from the migration of aviation depot level repairables [AVDLR's] to customer funding.

The increased funding level will provide additional support for the following areas of significant growth: increased aircraft operating, maintenance and rework costs in support of a more modern mix of aircraft and the Squadron Augment Unit [SAU] program; increased operations, maintenance and modernization costs resulting from growth in the Naval Reserve Force ASW Frigate Program and a more costly mix of ship overhaul requirements; implementation of the mine countermeasures Craft of Opportunity [COOP] program; and increased training, equipment, and base operating support requirements concomitant with growing Selected Reserve strength levels as the Naval Reserve builds towards the Navy Manpower Mobilization System [NAMMOS] goal.

In addition, the O&MNR appropriation increases by \$8.7 million to support Naval Reserve recruiting and advertising activities. Of that amount, \$5.6 million represents a functional transfer from the O&MN appropriation to provide proper program visibility in light of the expanding role of the Naval Reserve, and the remainder is required to support increased recruiting efforts for the Sea and Air Mariner [SAM] program.

Although we increased our funding request for Real Property Maintenance by approximately \$5.6 million, we will still not be able to meet the Congressional Containment Policy to limit the backlog of nondeferrable Maintenance and Repair to the fiscal year 1978 year-end level of \$20.7 million.

The Naval Reserve Force [NRF] ship operating tempo of 14.7 days per quarter funded through O&MNR remains at parity with previous years. The fiscal year 1985 flying hour program is funded at 85 percent of the Primary Mission Readiness [PMR] level, an increase from the 83 percent in this year's program.

SUMMARY

There have been many improvements in the readiness and capabilities of the Naval Reserve in recent years. Our personnel strength is growing, training is improving, and the force is being modernized.

Our request for fiscal year 1985 supports accelerated progress in all these areas. Each proposed improvement will enable the Naval Reserve to become a more effective part of Navy's Total Force designed to meet the national strategy.

The Naval Reserve's contributions to this strategy are recognized fully by the Navy. The recent report to Congress, "A report to the Congress on the Navy's Total Force", outlines these capabilities in some detail and provides a discussion of proposals which are under review to place additional capability in the Naval Reserve.

We are improving the Naval Reserve today to ensure it can meet the challenges of tomorrow.

I will be happy to respond to any questions or provide any additional information you may request.

Senator HUMPHREY. Senator Goldwater?

Senator GOLDWATER. I have two questions.

P3-C

I see you are asking for six P3-C's. That is your antisubmarine aircraft?

Admiral LYONS. Yes, sir.

Senator GOLDWATER. Is this the one that we have sold or loaned to Norway?

Admiral LYONS. We have not sold or loaned the P3-Charlie to Norway.

We have sold an earlier version to Norway which you could equate to the P3-B.

Senator GOLDWATER. I was only interested in that part because they could use a few more.

Admiral LYONS. Yes, sir.

Senator GOLDWATER. If you haven't discussed that with the Chief, I think you should. As you know, that situation is serious.

Admiral LYONS. We are trying to assist them in the efforts to modernize their force and are working with them.

Senator GOLDWATER. I am glad to hear that.

UC-12B

Now let us go to the UC-12B. You are asking for 48 in the coming years. That is not bought through competition, is it? It is purchased directly from the manufacturer without allowing any competitive bidding at all?

Admiral LYONS. I am not sure, Senator. It is satisfactory to you, I can provide the answer for the record.

Senator GOLDWATER. It is a fact, that Senator Metzenbaum and I went to court in 1978 to try to get not just the Navy, but all the branches that use it, the Army, the Air Force, the Navy, to purchase this type of light transport aircraft only after competitive bidding. The Secretary of the Navy wrote me saying it was his decision that there would be no competition in this field.

So, what we see in effect is in our total inventory around 400 of these aircraft that have never received a bid. You and I can walk into any showroom of Beechcraft and buy that airplane for about as much as we paid for it for our services.

I just want you to be the first one to know that I am going to raise hell this year about it.

We now have about four manufacturers who make a comparable airplane, including jets. I have no quarrel about the quality of the C-12. It has been a good airplane, but I think we have to have competition and I am going to try to force it this year, although we have never done it.

Senator DIXON. Here, here.

Senator GOLDWATER. It will not be easy, I tell you, when you get the Secretary of the Navy and Secretary of Defense telling you that you have to sit down and buy it from the catalog. That is no way to save money. This is not an awful lot of money. We are talking a couple million bucks apiece.

I have been saving this up for a long time. The more I save it, the madder I get. So, you had better go back and tell the head man to expect some trouble. That is all I have, Mr. Chairman.

Senator HUMPHREY. Senator Dixon?

Senator DIXON. I just want to compliment my colleague, for whom I have the highest personal regard, for the remarks he just made. Senator Goldwater, of course, enjoys the reputation of being the foremost authority in the Senate on a good deal of this subject matter.

To hear him make those remarks warms the cockles of my heart.

I want to pursue that a little bit on even less money, may I say to my friend from Arizona.

Admiral Lyons, you indicate in your statement on page 5, and I quote:

During the past 3 years, for example, we have doubled the amount of funding for aircraft spares and procurement.

I would like to ask how much of this funding was expended on sole-source contracts versus competitively bid contracts?

Do you have a percentage on that?

Admiral LYONS. I do not have a percentage with me, Senator. If it is satisfactory to you, I would like to provide it for the record.

Senator DIXON. I would like to have it.

[The information follows:]

SPARE PARTS PROCUREMENT

Last fiscal year, the Navy achieved an overall competitive rate of 30.5 percent and, through January 1984, our competition in fiscal year 1984 is 41.3 percent. Regarding competition in buying replenishment and initial provisioning spares at our Inventory Control Points, the Navy achieved a competition rate of 21.1 percent for the first five months of fiscal year 1984 as compared to a level of competition for the entire previous fiscal year of only 13.5 percent. In fiscal year 1983, the percentage of aviation spares and repair parts funding expended on competitive contracts was nine percent.

To make further improvements in the area of competition, we have assigned some tough competition goals. The Chief of Naval Material has implemented the following actions, all of which contribute to increasing competition in the acquisition process:

a. Competition advocates have been named at all activities having contracting authority over \$25,000, with duties including active participation in development of acquisition strategies and plans that provide for sustaining competition as far into the acquisition cycle as is feasible; reviewing selected sole source justifications to ensure all reasonable avenues for competition have been explored; reviewing current practices and procedures for the purpose of expanding guidance within their commands in the competition process; and participating in periodic meetings with industry representatives;

b. Established realistic and challenging goals for individual commands and for the Navy;

c. Made competition a matter of special interest to require Program Managers to ensure that competition is addressed early in the program (i.e., acquisition strategy) and is considered throughout development and subsequent production;

d. Ensured Commanders understand their responsibility for maximizing competition by indicating that the responsibility for competition goal achievement is a com-

mand responsibility and should be made a management objective for all senior civilian and military personnel involved in the execution of the acquisition process; and e. Established a Navy system for collecting and reporting significant accomplishments and innovative approaches to increasing competition.

The subject of competition for all procurements has our highest level of management attention and concern for improvement.

Senator DIXON. Pursuing the course that my respected colleague was just talking about in respect to competitive bidding, are you familiar with the request in this year's appropriations bill to purchase 38 cameras for the RF-4B aircraft from Zeiss Camera Co., a West German manufacturer of cameras?

Admiral LYONS. I am not specifically familiar with that line item.

Senator DIXON. Let me enlighten you and my colleagues on this subcommittee.

I have had an ongoing fight with the Secretary of the Navy for 2 years because of a persistent attempt by the Secretary and others in the Navy to buy a German camera at the expense of Americans who live in my State of Illinois and work for Recon Optical Co. in Cook County. That company has asked for 2 years to have a fly-off between the camera made by Americans, made in Illinois, against the German cameras.

The General Accounting Office found in my favor. My colleagues will recall we had a fight on the floor of the U.S. Senate over this last year. I lost by only two votes.

That is unheard of. Senator Percy and I and Congressman Phil Crane came over from the House. The General Accounting Office thereafter was given this question, found in our favor and to this moment, as I sit in this committee and the lowest man on the block, the money is still in there to buy the German camera at the expense of American manufacturers who hire American people.

I happen to be a Navy man. So, I want to ask you, Admiral, as a Navy man why do we do this?

You know, I am mad about this. I am going to fight you again on the floor, I will try to take the money out of this committee. I will fight you on the floor.

I will make more speeches on the floor of the U.S. Senate. The Armed Services keep shooting themselves in the foot because somebody is too stubborn to listen. I can't understand it.

All we want is a fly-off.

Admiral LYONS. Your point is well taken. The only thing I can say on that, and as I say, I am not familiar with that specific line item, but I know the Senator is aware of the pressures that we get put under to somehow provide support to both sides of the street, the "Buy American" advocates versus "Buy the Cheapest" advocates.

I am not offering that as an excuse or anything in that area and I appreciate the sensitivity of your constituents in this particular area.

Senator DIXON. May I say to you, Admiral, that the thing that troubles me about this is that this is a \$10 million item, in a \$313 billion budget. What really bothers me is the lack of concern about it in the whole system.

The Secretary of the Navy called me long distance in Illinois when he heard I was going to make a critical speech about this and asked me to reconsider. Frankly, I did and I softened the speech, although it was still pretty tough.

The Illinois delegation consisting of 22 Members of the House and two Members of the U.S. Senate. Incidentally, in that delegation there are almost no doves, almost every one of us is substantially supportive of our national defense efforts and have been meeting on this question for 2 years.

We have made every kind of fight about it and it is almost like being out in the desert or the wilderness somewhere. There is no response to it.

Every agency that has looked at it in the Government, in an administration of which I am not a member, has been critical of what has been going on here.

I am a person with empathy for what you want to do. I love the Navy. I wonder how do you justify this? How do we go back and justify this to our people?

I was rated the fifth out of 45 of the most supportive members on my side for this administration's defense efforts last year.

I would like to know how I can go home and justify this kind of conduct.

Admiral LYONS. I can't address the specific issue. I know the frustrations that you feel over it. We will try to provide an answer for the record that will answer your concern.

Senator DIXON. I would greatly appreciate it. I don't want to pursue that any further, Mr. Chairman.

Thank you.

[Additional information follows:]

ZEISS CAMERA

Chicago Aerial Industries (CAI), the Illinois company referred to by Senator Dixon, did not produce a low altitude camera at the time the requirement was identified in 1977. Zeiss Avionics Systems, at their own expense, converted a NATO camera that would fulfill the Marine Corps requirement. When the Navy solicited for competitive sources to produce the low altitude camera, Chicago Aerial Industries did not respond. Consequently, the four year multi-year contract with Zeiss Avionics System was executed for 38 cameras. At the request of Senator Dixon, the Navy expended funds to test the CAI camera as a possible competitor to the Zeiss camera. The camera failed these tests and the third year of the multi-year contract with Zeiss was therefore executed. This decision has solved the operational requirement at low cost.

At Senator Dixon's request, the Navy extended the time for CAI to deliver a camera for test and even though the camera failed several tests the Navy believes that, in time, and with further development it may be useable to fulfill other requirements.

Senator GOLDWATER. I would like to compliment you, Admiral Lyons, on the great change that has happened since 1981 when you found that you could shoot one torpedo and quit and we found the same thing in the Air Force. We could fly one mission with an air-to-ground missile in the Warsaw Pact area and now we see that you are able to almost completely arm the ships.

It is a great pleasure to hear that because it makes the press bigger liars than I thought they were, and that is hard to do. [Laughter.]

I am going to ram this information down the throat of Ben Bradley of the Washington Post, who, by the way, is a Navy man, wears 10 battle stars.

I delight in things like this, so keep it up.

Admiral LYONS. Thank you very much, sir.

As you know, we have made great strides from July 1980 to the present and it takes time, as I know the members of this committee are well aware. When we appropriate money for a weapon it is 2 years before we see that weapon. So, we have come a long way from the situation of 1980. I would say we are halfway to our goal.

We have another half to go, but certainly, from a sustainability standpoint, are double the capability we had in July 1980. Not only double capability, but I can tell you the performance has quadrupled.

If I had told you in July 1980 that we could stand off at maximum range with the Harpoon weapon system and fired from air, surface and subsurface platforms, put seven missiles nearly simultaneously on target subsurface platform, you would have told me I was crazy and in 1980 you would have been right. But not today.

Senator GOLDWATER. One more comment.

I have served in the Reserves, the National Guard and regular forces. I have to tell you that the Navy has always had the best Reserve system because the Navy has paid attention to the material needs of the Reserve troops.

The others are doing better now, but it is a compliment to you that the Navy Reserve is a top outfit.

Admiral LYONS. We have been very fortunate in the exercises and the operations we have had. I always had Reserve elements with us. We integrate them and treat them just like the Active forces because we need them. There is nobody to take their place.

It is the same way with our NATO allies. Maybe they don't have the capability that we have embodied in our forces, but we really rely on them. For example, in 1982 during the Falklands War I had a major operation ongoing in the Norwegian Sea. As Commander of the Strike Fleet, Atlantic, my ASW group forces primarily come from the United Kingdom.

So, since they were off doing something else, there was nobody to take their place.

I am happy to report that the performance of the Reserves in a very demanding environment has, as it is today on the *New Jersey* off the coast of Lebanon, really been gratifying.

Senator DIXON. I wonder if I might ask the Admiral how long a period of time would you speculate that it would take to give me that information on the percentage of the acquisitions that are by competitive bidding?

Admiral LYONS. If I can, I will get it back within a day or two. I don't know how or where we maintain that information. As soon as we can get it to you, we will.

Senator DIXON. I thank you.

Senator HUMPHREY. Admiral Lyons, I have a couple questions on your testimony.

REENLISTMENT

On page 2 you have some statistics about reenlistment. How are things going in 1984? Are you seeing any short-term caution signals?

Admiral LYONS. Yes, sir. Let me put it to you this way.

Throughout 1983 the number of ships we had in a C-4 rating for personnel bottomed out at about three on any given day.

In the last few months we have seen that creep back up to somewhere around seven.

Why is this so? Because we are losing some of the competitive edge in the critical Navy enlisted classification [NEC] ratings. It is one area in which we need to stay competitive with.

If I could expand just a little bit on that, Mr. Chairman.

I had the opportunity as Fleet Commander to interview a number of our young people who had gotten out of the Navy, had gone to college, got a degree, and came back in as second class petty officers, and they did it for two reasons.

They did it for the congressional pay mandated in December 1980, and for the retirement system.

There are other elements in this. Greater acceptability of the military within the community, the bonuses, and so on, but if I had to choose two elements it would be those two key elements.

So, when we lose the competitiveness there, the critical people—for example, the systems engineers—when we lose those chief petty officers, E-7's, 8's or 9's, we can't replace them, as you well know, in a year or two.

My own personal estimate is that it takes 10 years to replace them. It takes 5 years to train a petty officer to where he is a productive element.

This all translates into readiness. How do we make up the difference?

As you know, back in 1980 we were 22,000 petty officers short. Through these efforts and support of Congress, we have been able to bring that number down to about 9,000.

What do we do in the meantime? We had to use multiple training teams and go out as sort of overseers, if you will.

So, when you have a systems engineer come to investigate a casualty report [CASREP] problem, it is not a simple pull out and push in remedy. He says, "You are pulling out the wrong drawer, using the wrong procedure. Your problem is right here. That reduces the time equipment is down, saves in spare parts usage and puts equipment back on the line much sooner.

It is really a tremendous payoff when we can keep these people.

Senator HUMPHREY. You have reduced the shortage of petty officers from 22,000 to 9,000.

Do I understand you to say that that is beginning to grow again?

Admiral LYONS. We are seeing in the critical ratings evidence of a slight deterioration in our competitive edge; in other words, we are losing some of our petty officers when they get to the 12-year or 13-year point.

We have to retain our competitiveness in order to retain that individual.

Senator HUMPHREY. You are having problems in certain areas, but as a general matter is the shortage of petty officers growing once again? Do you have information on that?

Admiral LYONS. I think it is a little early to make that determination. I think right now the trend has been a declining one, but we have seen a couple of little signals that we are watching very carefully. It is premature to say we are back on the upswing.

Senator HUMPHREY. What about reenlistments in general?

Your first reenlistment statistics for 1983 were nearly 56 percent. This is from page 2 of your testimony.

Admiral LYONS. Right.

Senator HUMPHREY. How are the reenlistments in general going this year?

Admiral LYONS. We are getting some indications from the various recruiting districts that enlistments are not doing as well as during the same period 1983.

Senator HUMPHREY. I am talking about first reenlistments?

Admiral LYONS. The first termers? Again we don't have all of those figures in yet.

Senator HUMPHREY. We are about halfway into the fiscal year.

Are you going to be below this 56-percent reenlistment rate for first termers?

Admiral LYONS. Of course, this is the highest we have ever had in the history of the U.S. Navy. I would be surprised if we were able to retain that rate.

If there is some additional information, Mr. Chairman, I will be glad to provide that for the record at this point in the fiscal cycle.

RETENTION OF PILOTS

Senator HUMPHREY. What about retention of pilots?

Admiral LYONS. They are the same way.

Senator HUMPHREY. What is the trend? We are looking for signs that either we are still OK or we have problems.

Admiral LYONS. We have increased our numbers. As for NFO's, we have increased their retention rate.

From what we can see with the aviation officer continuation pay [AOCP] bonus, we think we are going to be able to retain the numbers that we will need.

Senator HUMPHREY. In plain English are you beginning to have a problem retaining pilots or not, or is it still continuing to be satisfactory?

Admiral LYONS. It is in a positive slope at this time. With the continuation of congressional support for AOCP we are able to still see a positive slope to our line.

In 1980 we were short in our mid-term level of something over 2,300 aviation officers. We have not brought that number down to, I think, slightly more than a thousand. I think it is 1,038. So, we are making progress.

Senator HUMPHREY. You see the major contributing factor to air squadron readiness degradation remains a persistent personnel issue?

Admiral LYONS. We don't have all the air crews we need at this point. We are still short, but we are making progress.

Senator DIXON. May I pursue that a moment, Mr. Chairman?

Senator HUMPHREY. Go ahead.

Senator DIXON. To what extent, Admiral Lyons, is this a cyclical experience due to the economy?

You are indicating reenlistments are not as high as they were last year.

Would that be in some way paralleling the economic experience in this country? That is to say better opportunities on the outside now?

Admiral LYONS. I think that is possibly one element. We certainly can't discount that. I don't think we can just live on the hope that the economy is going to keep driving people into the military services.

Senator DIXON. We hope that is not the reason they go in, of course, but there has been some evidence that enlistments are better in bad times, I am sorry to say.

Admiral LYONS. Yes, sir.

Senator DIXON. It may not be on this committee, but on one of them, I thought we discussed, in fact, I thought it was with Dr. Korb, some additional money for the people that reenlist.

Will that help the Navy to respond to the problems that the chairman was pursuing with you?

Admiral LYONS. Yes, sir, I believe it will.

Senator HUMPHREY. On page 5 you address an issue that is always of concern to us in this committee. You state that:

We must ensure that funding for readiness and sustainability is proportionate to that growth in ships and aircraft.

How do you determine the proportions?

Admiral LYONS. As you know, we have to have the funding up front for our ships and aircraft. We don't need the support elements for these programs until several years later when they are going to come on the line.

We figure roughly a 2-year leadtime for that. That is one element that gets factored in.

The other side of the equation is from my perspective, and let me speak as a fleet commander, it does not do a darn bit of good to have 90 days of AVCAL if I have 4 days of threat-oriented ordnance.

I have to stop fighting. I can have all the repairables in the world, but I must have the ordnance that is comparable. So, when we talk about days of combat, we have to balance out all of those elements that go into that equation.

I think the Navy budget has reflected a very balanced approach to this very prominent element in building up the sustainability in a proportional way versus the threat.

Senator HUMPHREY. What is your rate of confidence about the future with regard to ammunition and spare parts and other O&M items?

Admiral LYONS. There is one element I did not touch on. You know we don't fund for contingency operations and, of course, that comes out of the O&M account.

If we don't get the amount of funding in our supplemental request, then that has to come out of readiness. There is just no other way to balance the books.

As I mentioned to Senator Goldwater, we are only about halfway there. We still cross-deck certain items. I wouldn't want to mislead you. Particularly in the very important threat-oriented ordnance we still have to cross-deck.

But we are seeing a much improved balance in the fleet across the board in these important areas.

Senator HUMPHREY. You see no disturbing trends?

I am not talking about the POM. I am talking in actual performance year to year. Are you worried about any trend you see in this area?

Admiral LYONS. We need the continued support of Congress to permit us to continue the improvements we have achieved in this area. When we procure new weapons systems in large buys, we are able to realize a lower cost per weapon. This has been possible through the support of this committee and Congress.

If we are cut back in the weapons procurement count, we are not going to be able to achieve the reduced cost per weapon that we are now seeing.

Senator HUMPHREY. I understand. Thank you.

On page 6 you say: "By 1987 we will have doubled the number of days of combat sustainability in the force."

Admiral LYONS. Yes, sir.

Senator HUMPHREY. Didn't you say a moment ago to Senator Goldwater that we had already done that?

Admiral LYONS. We have from 1980 to 1983. We are going to do it again for 1985; yes, sir.

FLYING HOURS AND STEAMING DAYS

Senator HUMPHREY. What are the statistics on steaming days and flying hours achieved?

Do you have that with you?

Commodore RIENDEAU. Yes, sir, in the steaming program, first of all, we are 50.5 days in our deployed and 29 days with our nondeployed fleets which is our target.

In the flying hour program in the Department we are at 86 percent with our target being 88 percent.

Senator HUMPHREY. You are talking about 1983?

Commodore RIENDEAU. I am talking about 1985, sir.

Senator HUMPHREY. This is what you would project?

Commodore RIENDEAU. This is what we have budgeted.

Senator HUMPHREY. What are you achieving in 1984?

Commodore RIENDEAU. In 1984 our deployed is going to go up in actual executions—let me guess—it is going to go above 60, probably up in the mid-sixties because of the tempo of operations, both in the eastern Mediterranean and in the northern Indian Ocean.

Our nondeployed, I don't have a trend yet, but I would suspect it will have to trend down so that we can make the trade between the nondeployed and deployed to cover the operations out there.

Senator HUMPHREY. What about flying?

Commodore RIENDEAU. We are executing as budgeted in 1984. I don't have the hard numbers, but we normally fly in the contingency mode above 100 percent PMR. We have a proportionate draw-down on the nondeployed to support that. In fact, we will have to make adjustments during our mid-year evaluation of the 1984 budget to put dollars in that flying program.

Senator DIXON. If I may interrupt at this point, Mr. Chairman.

Isn't it a fact that a couple of your frontline tactical fighter aircraft are flying fewer hours per month than in 1982? Specifically the A-6 and F-14 are below the 1982 level.

Admiral LYONS. We have gotten the figures for 1983 for the A-6. Actually it has gone up. It is 27 hours a month.

Going back to the 1983 contingency ops that we mentioned, Mr. Chairman, I would suspect it will not be 60 days, but it will be somewhere between 52 and 55, somewhere in there.

When you have the *Ranger* battle group on station 122 straight days, *Midway* for 114 straight days, *Eisenhower*, 91 straight days, and so on, that is where the supplemental comes in.

Senator DIXON. Could I pursue this, Admiral?

I don't mean to interrupt you or the Chair, but your own tables here show the A-6 flying in 1982, 25 hours; 1983, 25 hours; 1984, 23; estimated for 1985, 23; and the F-14 on a downward trend from 23 to 20 and then coming up estimated in 1985 to 21.

Admiral LYONS. Is that from Mr. Korb's submittal?

Senator DIXON. Yes, page C-3, table 7.

Admiral LYONS. Yes, sir. I am not sure what he used to get those figures, but we have completed the collation of all the data and it has changed from that table you have. In 1983, the A-6, for example, has gone up to the 27 that I mentioned.

You are correct in the other numbers there.

Let me take the KA-6. That is the most dramatic change. The KA-6 back in 1982 was around 27.

Senator DIXON. Twenty-seven in 1982?

Admiral LYONS. Then it goes down to 21.

Senator DIXON. Twenty-three in 1983 and 21 in 1984. I think you ought to update this, Admiral.

Commodore RIENDEAU. Senator, may I address that, sir?

I don't know what the source of that table is. I know it was in Dr. Korb's statement, but I am not sure how the numbers were derived.

Let me say in the comparison, now that we have the actuals in, we have 18 categories of aircraft; in other words, 18 types of aircraft where flying is up, we have 5 where it has stayed level and we have 3 where there is a downward trend.

These are the actual numbers from 1983 to 1985.

Senator DIXON. I suggest, Mr. Chairman, in view of the fact that Dr. Korb's table is part of the record, that the Navy might want to update that for the record.

Admiral LYONS. If we can, we will be glad to provide the updated figures.

[The information follows:]

FLYING HOURS

The following is an updated table showing the flying hour program by hours per crew per month.

NAVY/MARINE CORPS FLYING HOURS PER CREW PER MONTH

Type aircraft	Actual		Estimated	
	1982	1983	1984	1985
Navy:				
A-6.....	25	27	24	23
KA-6.....	27	25	21	21
A-7.....	23	22	22	23
F-4.....	17	18	20	20
F-14.....	23	22	20	21
E-2.....	36	35	29	38
SH-3.....	29	26	28	26
SH-2.....	22	20	21	21
S-3.....	23	22	23	24
P-3.....	43	41	41	41
EA-6.....	23	24	25	24
F/A-18.....			25	23
SH-60.....			23	23
Marine Corps:				
AV-8.....	13	15	18	16
A-4.....	16	15	17	17
F-6.....	26	24	21	25
F-4.....	18	16	18	19
UH-1.....	28	27	27	28
AH-1.....	20	16	21	21
CH-46.....	20	21		21
CH-53.....	19	21	17	22
OV-10.....	20	18	19	17
KC-130.....	30	28	33	34
EA-6.....	17	18	17	20
RF-4.....	19	16	18	19
F/A-18.....		17	22	24

Senator HUMPHREY. Anything else?

Senator DIXON. I have nothing further.

Senator HUMPHREY. Thank you. We will submit a number of questions to you in writing.

[The questions submitted for the hearing record follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

NAVY FLYING HOUR PROGRAM

Senator LEVIN. Admiral Lyons, Dr. Korb testified before this subcommittee last week that in fiscal year 1985, Navy tacair crews will average 24 hours per month versus the goal of 25 hours. Do you agree with these figures?

Admiral LYONS. The latest update shows 24.5 hours per crew per month. Rather than hours per month, the Navy prefers to state its flying hour goal for tactical forces in terms of the percentage of mission requirements funded, (Primary Mission Readiness, PMR), and in recent years the accepted goal has been 88 percent. This permits deployed forces to receive 100 percent of requirement, and maintains the non-deployed forces at a lower level, which although degraded, permits them to build to 100 percent as they rotate for deployment. Twenty-five to twenty-six hours per crew per month generally equates to 88 percent PMR.

Senator LEVIN. Admiral Lyons, volume 4 of the fiscal year 1985 Material Readiness Report, entitled "Readiness Implications of Collective Unit Training," shows Navy flying hours per crew per month for the major aircraft types in the Navy.

In the case of the five front-line tactical fighter aircraft—A-6, A-7, F-4, F-14 and F/A-18—the flying hours per crew per month in fiscal year 1985 for two systems (A-6 and F-14) are below the fiscal year 1982 level.

In one case (F-4) the flying hours per crew per month requested for fiscal year 1985 are higher than in fiscal year 1982.

In one case (A-7) the two years are the same.

In the last case we don't have figures in fiscal year 1982 for the F/A-18, but I notice the flying hours per crew per month go down for this aircraft from fiscal year 1984 to fiscal year 1985.

Another point: In fiscal year 1985, in only one of these front-line tactical aircraft are the crews getting 23 hours per month. In two aircraft (A-6 and A-7) the crews are getting 23 hours per month, in one (F-14) the hours per month are 21; in one (F-9) the hours are 20 per month.

Would you agree that for the crews of the Navy's front-line tactical fighters, flying hours per crew per month are below the 24-hour average?

Admiral LYONS. Yes, I agree.

Senator LEVIN. How do you get an overall of 24 hours per crew per month when the crews of the front-line tactical fighters are flying less, and in some cases considerably less, than 24 hours per month?

Admiral LYONS. The average is the result of adding all the hours in each tactical model and dividing by the number crews and months in the year. The E-2, SH-3, P-3 and S-3 because of mission complexity require more crew hours each month than do many of the fighter and attack models.

Senator LEVIN. Is the flying hour per crew per month for the Navy's front-line tactical fighter lower than the overall objective of 25 hours per month?

Admiral LYONS. Each tactical aircraft has different hourly requirements because of mission complexity, number of crew-members, number of weapons systems involved and a variety of other factors. Currently the flying hours for fighters are lower than the objective for other types. The Navy is currently assessing flight time standards for fighters and attack aircraft to ensure adequate flight hours are provided.

Senator LEVIN. Admiral Lyons, last October in an interview with Navy "Times," Admiral Foley, Commander-in-Chief of the Pacific Fleet said that he was having trouble keeping up the flying proficiency of junior officers while they were on shore rotations.

Atlantic Fleet officials apparently told Navy "Times" the same story.

Is the Navy's flying hour program in fiscal year 1984 and fiscal year 1985 adequate to maintain the flying proficiency of aviators in both sea-based and shore squadrons?

Admiral LYONS. The Navy's fiscal year 1984 program was considered adequate when appropriated by Congress. However, the impact of events in the Caribbean and the Eastern Mediterranean dictated a restructuring of the program to provide additional hours for our deployed units to meet our national commitments.

As a result of these contingency operations, a \$15.5M supplemental budget request was submitted in February of 1984. Congressional approval is still pending. In light of current financial constraints, the fiscal year 1985 program in the President's budget is a balanced one.

SUSTAINABILITY

Senator LEVIN. Admiral Lyons, Secretary Weinberger's fiscal year 1985 Posture Statement says that compared to 1981, "our capability to improve our forces in the field will have increased by almost 50 percent when the munitions and secondary items procured by the fiscal year 1985 budget are delivered".

Has the Navy's sustainability improved by 50 percent since 1981?

What indices do you use to measure this sustainability? How have these indices changed since 1981?

Admiral LYONS. Navy's munitions sustainability improved by almost [deleted] percent between fiscal year 1981 and fiscal year 1985, while secondary item sustainability increased by [deleted] percent during the same period.

The index used to measure sustainability is total Navy assets accrued at the end of each fiscal year's funding delivery period compared to the base line requirement. This index has not changed since 1981.

Senator LEVIN. In an article published in the January edition of "Defense '84", Assistant Secretary of Defense for Manpower, Installations and Logistics was rather critical of the Navy's attitude toward sustainability.

Dr. Korb cited the Navy's program of last summer as "a classic example of moving funding to the out years, which, if allowed to continue, will assure that required stockage for war reserve secondary items will never be attained."

Admiral Lyons, what are the Defense Guidance sustainability objectives for Navy war reserves and munitions?

Where does the Navy now stand relative to those objectives, and when will you meet the Defense Guidance objectives?

Admiral LYONS. The Defense Guidance sustainability objectives for secondary item war reserves and munitions are a minimum of [deleted] days funded by fiscal year 1988 and 90 days funded by fiscal year 1991.

Through fiscal year 1985, Navy secondary item war reserves achieve about [deleted] of the [deleted] day objective. Our current plan is to meet the objective by fiscal year 1989.

For munitions, on-hand assets plus the fiscal year 1985 budget will provide [deleted] days of supply when measured against the fiscal year 1985 requirement. The fiscal year 1985-89 five-year program when added to on-hand assets will provide [deleted] days of supply for all Navy munitions when measured against the fiscal year 1989 requirement.

MUNITIONS AND SECONDARY WAR RESERVE ITEMS

Senator LEVIN. Commodore Riendeau, what does the funding profile for munitions and secondary war reserve items necessary to achieve the Defense Guidance objective look like?

Commodore RIENDEAU. The funding profile over the 5-year defense plan to achieve the Defense Guidance is as follows:

[In millions of dollars]

	Munitions	Secondary items
Fiscal year:		
1985.....	Deleted.	Deleted.
1986.....	Deleted.	Deleted.
1987.....	Deleted.	Deleted.
1988.....	Deleted.	Deleted.
1989.....	Deleted.	Deleted.

REAL PROPERTY MAINTENANCE

Senator LEVIN. Commodore Riendeau, you don't mention real property maintenance in your statement, but the Navy's O&M Justification Book for fiscal year 1985 shows continued growth in the Navy's backlog of real property maintenance.

The \$869 million backlog projected for fiscal year 1985 is 33% higher than the actual fiscal year 1981 backlog, and 9% higher than the fiscal year 1983 backlog.

What accounts for the Navy's continued inability to make any progress in reducing the backlog of real property maintenance?

Commodore RIENDEAU. Our Navy BMAR figure is one that is under continuous review and refinement. As BMAR is a measure of actual field conditions, it tends to change from the time of our budget submission to the time of program execution. For example, when we projected fiscal year 1981 BMAR for the fiscal year 1982 submission, it was \$587 million. In actual execution, we found that the number was \$644 million. This 10% increase shows two things; the difficulty we have in projecting a number that is a "snapshot in time" of the physical condition of our bases; and the accelerating rate of deterioration of our shore facilities.

Of these two, the more significant is the deterioration of our aging physical plant. It impacts our BMAR number chiefly in the number of unanticipated repairs we must fund each year. With over 1/2 of the Navy's \$75 billion worth of plant property of World-War II vintage, our rate of deterioration is increasing. The recent increases in the MILCON program will help, but we are still trying to provide enough replacement and modernization projects to arrest this decline.

Our fiscal year 1985 budget enables us to hold our own against the increasing requirement. We solicit your support in helping us reduce our backlog of real property maintenance.

Senator LEVIN. Do you consider adequate real property maintenance funding an important part of the Navy's overall readiness?

Commodore RIENDEAU. The Navy measures readiness in many ways. We are certainly aware of the importance of our shore establishment in supporting and sustaining our operating forces. The increased funding we have requested in the area of MRP indicates our commitment to improving better fleet readiness through adequate shore support.

DEPOT MAINTENANCE

Senator LEVIN. Commodore Riendeau, your statement indicates that the Navy's fiscal year 1985 budget includes "a reduction of executable depot maintenance backlogs."

Although the Navy's O&M justification book for fiscal year 1985 shows a decline in the Navy Depot Maintenance backlog in fiscal year 1985 from the fiscal year 1984 level, the fiscal year 1985 backlog is still higher than the fiscal year 1983 level.

The fiscal year 1985 backlog still represents almost 9 percent of the Navy's depot maintenance program.

What accounts for this persistently large depot maintenance backlog in the Navy?

Commander RIENDEAU. Although the backlogs are high, higher than Congress or Navy would like to see, we feel that they are still at a manageable level in fiscal year 1985.

There are two primary reasons for the fiscal year 1985 backlog. The first is the congressional reduction of \$90 million to the fiscal year 1984 aircraft maintenance program. Its impact on depot maintenance backlogs was significant and the driving factor why fiscal year 1985 backlogs remain higher than the fiscal year 1983 level. The second is that in balancing available resources against Navy objectives of readiness, sustainability and modernization, etc., the level of funding requested in fiscal year 1985 for aircraft maintenance best meets those objectives. Therefore, the fiscal year 1985 budget request reflects the level of depot maintenance backlogs we are willing to accept while meeting the Navy's goals.

I might add that despite the large backlog in aircraft depot maintenance, the fiscal year 1985 ship maintenance backlog is its lowest in years.

REPAIR PARTS FUNDING FOR GENERAL PURPOSE SHOP OPERATIONS

Senator LEVIN. Admiral Lyons, according to data supplied to the committee by GAO, repair parts funding for general purpose shop operations has increased 65% since fiscal year 1980. However, during this time spares availability has not improved, and has, in fact, been getting worse. For fiscal year 1983, spares availability in both Atlantic and Pacific fleets was below fiscal year 1980 levels, and below the CNO's established goals. What accounts for this trend? In light of the increased funding in this area over the last several years, when can we expect this trend to turn around?

[Data follows:]

SPARES AVAILABILITY—SURFACE FORCES SPARES AVAILABILITY

[12-month averages surface forces (percent)]

Force	Fiscal year—				CNO goal
	1980	1981	1982	1983	
Atlantic:					
Net.....	77	77	74	75	85
Gross.....	47	45	43	43	75
Pacific:					
Net.....	81	80	79	80	85
Gross.....	52	51	51	51	75

Admiral LYONS. Repair parts funding for general purpose ships operations has increased because the method of funding depot level repairables (DLRs) was changed from the procurement accounts to the operating accounts. This action occurred in FY 1981, when the Navy transitioned the responsibility for the purchase and repair of these DLRs to the Navy Stock Fund (NSF). At the same time, the funding was realigned from the procurement accounts to the operating accounts so that the fleet

can purchase the DLRs from the stock fund. This change has resulted in the establishment of fiscal accountability in the fleet and has yielded a 38 percent increase in the availability of DLRs to the fleet. This was accomplished with no net increase in appropriated funds.

Several reasons account for the trend shown in the Fleet shipboard spares availability. Among them are:

(1) Fleet Operating Tempo—ships operating away from normal sources of resupply would experience a longer routine replenishment pipeline. CASREP parts are expedited but routine replenishment is extended.

(2) New Weapon Systems—the Navy's modernization program has resulted in several new and highly sophisticated equipments being installed onboard ships. During the early years of operation and until sufficient demand patterns have been experienced, onboard spares provisioning, by DOD policy, is conservative.

(3) The percentage of spares actually positioned aboard ship is small by comparison to the range and depth positioned within the supply system close to the user. However, onboard spares are adjusted periodically to accommodate increased demand patterns.

The increases in spares funding have contributed to an increase in fleet readiness. System spares availability, particularly in DLRs as previously mentioned, has risen significantly. As a result, CASREP requisitions have decreased over 12 percent and the number of days to satisfy customer requirements have decreased 17 percent since 1981.

Commencing in fiscal year 1983, the Navy implemented a five year program to increase the range and depth of onboard spares for primary mission critical equipment. This program has contributed to the experienced increases in fleet readiness. Shipboard spares availability is currently benefiting from this initiative. As this program progresses, further increases in spares availability are expected.

P-3 FLYING HOURS AND SONOBUOY CONSUMPTION

Senator LEVIN. Admiral Lyons, the committee has received reports that flying hours per crew per month as well as sonobuoy allocations for P-3 ASW squadrons have actually decreased over the last year.

For the record, please provide the average flying hours per crew per month for P-3 squadrons; the average sonobuoy requirement per P-3 squadron; and the average actual sonobuoy consumption per P-3 squadrons for fiscal year 1980-fiscal year 1985.

Admiral LYONS. Flying hours follow:

Fiscal year:

1980	44
1981	45
1982	43
1983	41
1984	41
1985	41

Allocations of sonobuoys are established by CNO and provided on an annual basis to CINCLANTFLT and CINCPACFLT. The Navy does not allocate sonobuoys on a squadron basis. They are allocated based on operational and training requirements. The total allocation for fiscal year 1980 through fiscal year 1985 follows:

Sonobuoys

Fiscal year:

1980.....	258,500
1981.....	252,200
1982.....	259,500
1983.....	266,300
1984.....	279,050
1985.....	284,600

P-3 squadrons account for about 73 percent of the annual allocation.

Senator HUMPHREY. Thank you again, gentlemen, for your testimony.

[Whereupon, at 11:13 a.m., the subcommittee adjourned, subject to call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1985

TUESDAY, MARCH 27, 1984

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

READINESS AND OPERATION AND MAINTENANCE BUDGETS OF THE U.S. AIR FORCE AND ITS RESERVE COMPONENTS

The subcommittee met in open session, pursuant to notice, at 10:07 a.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Goldwater.

Staff present: Michael B. Donley, professional staff member; Christine C. Dauth, chief clerk; David S. Lyles, José E. Martinez, James C. Smith III, John G. Campbell, professional staff members; Patricia L. Watson, research assistant; and Lisa M. Tietge, staff assistant.

Also present: Gerald J. Smith, assistant to Senator Goldwater; Ronald P. Kelly, and Nancy Wolicki, assistants to Senator Humphrey; Jim Morhart, assistant to Senator Wilson; and Peter D. Lennon, assistant to Senator Levin.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. Good morning.

The Preparedness Subcommittee meets today to receive testimony on Air Force readiness.

Our witnesses are Lt. Gen. John T. Chain, Deputy Chief of Staff for Plans and Operations; Lt. Gen. Leo Marquez, Deputy Chief of Staff, Logistics and Engineering; Brig. Gen. Mark J. Worrick, Deputy Director of Budget; following them Maj. Gen. Sloan R. Gill, Chief of the Air Force Reserve; and Maj. Gen. John B. Conaway, Director of the Air National Guard.

General Chain, would you begin, please.

STATEMENT OF LT. GEN. JOHN T. CHAIN, DEPUTY CHIEF OF STAFF FOR PLANS AND OPERATIONS, U.S. AIR FORCE

General CHAIN. Yes, sir. It is an honor to appear in front of your committee again.

Readiness has had a lot of attention in the press and the public in the last few weeks in particular, and I thought it might be useful, sir, if I submitted my formal remarks for the record and covered a few bottom lines.

For a personnel point of view we think we are in excellent shape. The enlistees that we are getting now, 98 percent are high school graduates, 16 percent have more than 20 semester hours of college and we had an all time high first term reenlistment rate of 66 percent.

At the end of fiscal year 1983, our 6 through 11 year continuation rate was 78 percent and the expected rated service from each pilot was almost 16 years compared to about 9 years' rated service just 6 years ago.

We have brought on board 1,100 new fighters in the last 4 years—A-10's, F-15's, F-16's. We have a net gain, when you take the ones we have put into the boneyard, of 488 major combat aircraft, which gives us a net increase of about 11 percent in our combat units. Eighty-three new electronic combat aircraft have been delivered that allow us to fight better in today's environment.

Our accuracy has improved. The winner of the gunnery competition in 1981 had an average miss distance from the bullseye of 29 feet; this past year the average miss distance by the winner was only 5 feet.

The Reserve forces are receiving state-of-the-art equipment and the C-5 and 141 airlift capability is up about 28 percent.

We have improved our major exercise participation. The state-of-the-art computers and video type gear for our training—things like the ACMI—have aided greatly in the types of training that we do. We are getting away from the repetitive types of exercise that we used to do and all the training is much more realistic.

Flying time per pilot is up approximately 23 percent across the board. We have more support. General Marquez will get into that in more detail, but our spare parts availability has enabled us to increase our combat sorties approximately 62 percent. Combat-lethal sorties are the bottom line of combat capability.

Strategic airlift we improved almost 67 percent in the last 4 years. And the fighter force and the Air Force, in sum, is much better than we were just 4 years ago. But the real bottom line is in view of the continuing expansion of the Soviet threat we have to continue to get even better in the future.

I will submit my statement for the hearing record.

[The prepared statement of General Chain follows:]

PREPARED STATEMENT BY LT. GEN. JOHN T. CHAIN, DEPUTY CHIEF OF STAFF FOR
PLANS AND OPERATIONS

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the readiness of United States Air Force forces.

In the past three years, the United States has made continuing progress in strengthening the Air Force to meet the Soviet threat. With the support from this committee and others, we have embarked on a long-term program which contributes to peace and security for ourselves and our allies. This momentum must continue.

For many years, the Soviet Union has both outspent and outproduced the United States for new weapon systems. We are seeing the results in the modernization and growth in numbers of Soviet missiles, aircraft, ships, and tanks, and the evidence suggests worrisome trends in Soviet weapon development.

This growing military strength and the continued acquisition of power projection capability has made the Soviet Union more confident that political objectives can be achieved by using intimidation based on military capability. We need only observe the continuing Soviet brutality in Afghanistan, the unrestrained deployment of SS-20s in Europe and the Far East, and their support for subversion in Central America, Africa, Asia, and the Mid-East.

MILITARY STRATEGY

The threat determines our strategies which, in turn, establish our military requirements for forces—both their size and shape. The Administration's national security policy provides the basis for the military strategy by which our national military objectives can be achieved across the spectrum of conflict. Our military objective is to deter war, both conventional and nuclear. To do so, our peacetime strategy is to maintain a balance of CONUS-based and forward-deployed forces. Second, should deterrence fail, use sufficient force to deny the enemy military victory. We would limit the scope of conflict, terminate it as soon as possible on terms favorable to the United States and its friends and allies, but prepare to sustain our forces if required. To execute this strategy, we must size and train our forces and provide the requisite support to accomplish our objectives.

MILITARY CAPABILITY

A comprehensive discussion of readiness must actually consider the four major components of military capability: force structure, modernization, readiness, and sustainability. If we are to have the overall military capability to first deter war or second, to deny an enemy victory, all four components must be properly balanced. The budget request currently before you is the result of a year-long effort to program for optimum military capability in a balanced fashion.

The fiscal year 1985 budget provides for growth in all areas of military capability. With your support, the growth in the readiness accounts will continue and will preclude the disaster we experienced in the late 1970s from recurring.

As you are aware, the constrained defense budgets of that period procured force structure and modernization at the expense of readiness and sustainability. While these decisions resulted in much needed increases to both the quantity and quality of our aircraft inventory, the sacrifices in the areas of readiness and sustainability created a situation from which we are only now recovering. During this period, our combat capability measurably declined, morale suffered, and training opportunities were lost. The force was not combat ready.

More recently, Air Force and the Administration's determination coupled with congressional support have done much to rectify the situation. During the last three years, we doubled the funding for readiness and sustainability and have now begun to see positive results. Our crews are flying more—training more effectively—and our stocks of munitions and spare parts are increasing to meet our expanded force structure.

We cannot, however, be satisfied with the first signs of improvement. We must maintain sufficient forces necessary to resolve any conflict at its lowest possible level on terms favorable to the United States. The highest affordable state of training; the sustainability of our forces through a projected likely period of combat; the proper force structure mix to meet our assigned roles and missions; and the foresight to choose affordable numbers of new weapons systems and cost effective modification of existing weapons—each must receive careful, deliberative attention.

PRIORITIES

As we seek to measure capability, we must reflect changes caused by such factors as expanding roles and missions; changes in the production rates, quality and deployment of Soviet and Warsaw Pact forces; and changes in our civilian leadership's defense guidance. Each directly affects our capability to deter war and, failing deterrence, to deny an enemy their political and military objectives. In consideration of these factors and, additionally, to correct our most pressing deficiencies, we have set the following priorities: Modernize the strategic nuclear forces; improve readiness and sustainability of the general purpose forces; increase airlift capability; modernize and expand the tactical forces. As we briefly review our present and planned capabilities, the impact of these priorities is evident.

FORCE STRUCTURE AND MODERNIZATION

Strategic forces

President Reagan's Strategic Modernization Program is designed to improve the retaliatory capability of our strategic forces, restore our strength relative to that of the Soviet Union, and assure that the Kremlin is denied reasoned belief that nuclear conflict is winable. The Air Force is responsible for implementing most of this comprehensive program. The following actions in support of strategic modernization are continued in the fiscal year 1985 budget:

Fielding B-1B bombers and procuring air launched cruise missiles, while also pursuing the development of an advanced technology bomber.

Improving our ICBM forces by continuing development of Peacekeeper and research into the small mobile missile recommended by the Scowcroft Commission.

Enhancing command, control, and communications to ensure warning of enemy attack and communication with out strategic forces.

Upgrading our air defense capability by replacing F-106 interceptors with F-15s and improving our atmospheric warning, surveillance, and control assets.

Tactical forces

To maintain the most effective tactical air arm, the Air Force is committed to realistic tactical modernization and expansion programs. Our tactical forces must be able to quickly achieve air superiority and provide critical air support to our ground forces. Our modernization program for tactical forces will enhance our capability in these roles. This program emphasizes three key objectives:

Building the capability to attack and destroy surface targets at night and in adverse weather conditions, which is nearly 70 percent of the time.

Improving effectiveness through better sensors, avionics, and weapons.

Developing tactical aircraft designed to meet the threat of the 1990s.

As we modernize our tactical forces, we also need to ensure an adequate force size and mix of aircraft. Our global requirements dictate an increase in our tactical fighters to an interim goal of 40 tactical fighter wings. Our current program provides for attainment of our 40 tactical fighter wings in fiscal year 1988. This 40-wing force does not fulfill the full requirement, but represents an achievable force composed of the following aircraft mix: F-15, A-10, F-16, F-4, F-111, EF-111, and F-4G.

Our non-strategic nuclear forces are tactical systems composed of dual capable aircraft and the Ground Launched Cruise Missile (GLCM). For our dual capable aircraft, we are seeking improved delivery capabilities including range, survivability, and night/weather. Forward deployed in-theater, GLCM will place deep enemy targets at risk and will compound the defensive position of the Warsaw Pact.

FORCE PROJECTION

A fundamental element of U.S. military capability is the ability to rapidly project military forces worldwide. Force projection assets include airlift and air refueling aircraft.

Airlift

Airlift provides the response and flexibility required for immediate contingencies. Since we do not control the time and place of combat, we have to be able to move quickly to defend our interests anywhere in the world. Without elaborating in detail, it is sufficient to state that our airlift capability falls critically short of planned requirements. The shortfall exists for both strategic intertheater lift and intratheater capability. These deficiencies must be eliminated to ensure an effective force projection capability. Efforts underway to revitalize our airlift capability include:

Modifications to the existing fleet such as the recently completed C-141 stretch program and the C-5 wing modification.

Acquisition of 50 C-5Bs.

Procurement of 44 KC-10s.

Continued development and procurement of the C-17.

Aerial refueling

Because of our global force projection requirement, all of our combat aircraft now have air refueling capability. Consequently, we have experienced substantially increased requirements for aerial refueling. Our current tanker fleet of 615 KC-135s and 20 KC-10s will eventually be expanded by 40 more KC-10s. We are also modernizing our fleet of KC-135s by reconfiguring it with the new CFM-56 engine. Des-

ignated the KC-135R, this modified aircraft will do the job of 1.5 KC-135As and will have a greatly extended service life.

READINESS AND SUSTAINABILITY

While force structure and modernization gives us the size and technical sophistication needed, readiness and sustainability are essential for our current ability to deploy, employ, and stay for the successful conclusion of combat. Readiness and sustainability are intrinsically linked. Readiness is essentially the Pre D-Day preparation to go to war, carrying into the initial stages of combat; and sustainability is a Post D-day capability of our forces to stay in combat and win. There are often hazy lines dividing those two components of military capability. Spare parts, for example, are both readiness and sustainability items. Spares must be available for the force to be able to train prior to engaging in combat. Spares also must be available for the force as it engages in combat. The major elements contributing to readiness are people, training, and logistics (equipment and supplies). The major elements contributing to sustainability are people, logistics (equipment and supplies) and munitions.

People

The fiscal year 1985 end strength request reflects less growth than originally programmed in the fiscal year 1984 President's Budget. We are requesting a 2.6 percent (15,700) increase in active military manpower and a 1.7 percent (4,200) civilian increase. The purpose of this increase is to support numerous readiness initiatives and accommodate force structure expansion. Manpower increases in the following areas contribute significantly to our readiness: Logistics Readiness and Spare Parts Acquisition; Medical War Readiness; Critical Skills Conversion; Chem-Bio Defense Expansion; Airbase Ground Defense; Command, Control, Communications; Aerial Port; Air Reserve Forces; Tactical Force Structure; and Accession Training.

We must have adequate manpower, military and civilian, if we are to maintain our expanding force structure at the highest possible level of readiness. Lack of support for the required manpower resources will result in operation at marginally acceptable levels of performance. Additional reductions will further stress a fully committed workforce which is already on an overtime footing. Underfunding manpower requirements will ultimately affect morale, performance, and retention of our most valuable resource.

The European troop strength ceiling continues to complicate the task of force planners and theater mission commanders in executing overall national military strategy. We solicit your support in eliminating this ceiling to allow those charged with that responsibility to utilize forces consistent with the threat and overall fiscal constraints.

The Air Force also supports elimination of civilian end strength ceilings as a necessary improvement for force management. Civilian ceilings constrain us from obtaining the appropriate mix of manpower to perform our missions; prohibit the most efficient use of our depot facilities; and add to overall personnel processing costs.

Once our manpower requirements have been defined and authorized, the task becomes one of recruiting and retention. The best equipment that money can buy will not provide us security without quality people on board. When a highly trained pilot resigns, when a seasoned crew chief hangs up his or her uniform, years of irreplaceable experience are lost. In contrast to the 1970s when many of our experienced people walked out the door, we are now retaining experience and attracting high quality recruits as well. As a result, our combat capability is improving. However, in spite of these successes, the recruiting and retention environment is fragile because of the uncertainty of the impact of a stronger economy, falling unemployment rates, a declining youth population, and anticipated private sector competition for skilled people. With continued shortages and low experience levels in certain critical skills, the Air Force is working hard to rebuild our experience base by sustaining the momentum of the past three years. To do this, we must continue to take care of our people by providing the entitlements they have earned and deserve. If we cannot, we will face serious problems in the future.

Training the force

Without question, training is our most important readiness activity. Properly trained people, along with proper equipment, produce our immediate deterrent posture and our ability to fight and win in combat. Our goal is to provide the United States with the best trained Air Force in the world. To achieve this goal, we must train as we intend to fight. We plan to continue with the most aggressive and realistic training possible.

Our commitment to realistic training is best illustrated by our extensive exercise and deployment programs. In large scale exercises, such as Red Flag, our aircrews routinely experience the most demanding combat environment available in peacetime. During these exercises, our crews fly against simulated enemy aircraft and ground defenses. They have the opportunity to deliver live weapons on realistic simulated enemy targets.

Our joint exercise program is another important element of operational training. Our units participate in exercises with the other Services and the forces of our allies. As a major part of the JCS exercise program, we deploy and employ forces under the joint command arrangements we would experience in wartime.

Another successful training program is total force oriented and involves deploying active duty, National Guard, and Reserve units overseas to their intended wartime operating locations. Once in place, they become familiar with their operating base as well as local weather and terrain. They gain valuable experience by working side-by-side with allied forces and participate in multinational exercises.

Achievement of the realistic training described above is contingent upon our flying hour program receiving the fullest support. This is the largest of all Air Force training programs and equates to 35 percent of the Air Force O&M budget. The fiscal year 1985 flying hour program reflects an increase of two percent above the fiscal year 1984 level. This increase supports an expanding aircraft inventory, trains replacement aircrews, and increases the readiness levels of our operational aircrews. Tactical aircrews, for example, are scheduled to fly about 19 hours per month this fiscal year, with a programmed increase to over 20 hours in fiscal year 1985. This compares to an average of 17 hours in fiscal year 1983 and 13 hours in fiscal year 1978. Also addressed in the fiscal year 1985 budget are improved flight simulators and training range improvements.

The expansion of non-flying support training is also of major importance. In fiscal year 1984, the quality of training for our enlisted personnel improved as we stressed training in technical and critical Air Force specialties. Fiscal year 1985 initiatives to further improve in this area emphasize the design of training and support programs to improve returns in high pay-off areas such as maintenance and other specialized skills. The end result of these efforts will be to increase the training readiness and peacetime productivity of combat support and combat service support units.

General Marquez will address the very important topics of logistics, stock fund, aviation fuel, depot maintenance and modifications.

CONCLUSION

In the course of this brief review, I have focused on both our current and programmed capability. Let me assure you, however, that in spite of the apparent wide range of deficiencies, we remain a strong, capable and responsive force.

As you know, our flying hours per pilot per month have increased by about 30 percent over the past several years. Not only are we flying our aircrews more, but more efficiently, too. State-of-the-art simulators, visual systems, meaningful range utilization, and live ordnance practice all speak to greater capability. Now we are starting to realize the benefits. The litmus of this is highlighted by competitions like the "Gunsmoke" fighter competition where winners achieved an average delivery error of less than two meters—unheard of in the past. Moreover, new equipment (B-52 Offensive Avionics System Modification) teamed with better training in strategic bombing competitions to increase strategic accuracy by almost 25 percent over last year's efforts. And we did it safely. The 1983 aircraft mishap rate was the lowest on record.

Aircrew retention is now higher than it has ever been. This means that we are keeping our experienced, qualified aircrews. To me, this means increased strength and a more capable and ready force.

Finally, and most importantly, the Air Force has been successfully tested. We have projected American power to remote corners of the world. We were able to respond to Libyan threats in Chad in 48 hours with AWACS and fighter support. And the successful operation in Grenada was conducted efficiently on a short notice basis.

The improved capability indicated by these examples are, in large measure, directly attributed to the efforts of this subcommittee and others in the House and Senate. Your ability to educate and inform the membership of both parties on the many facets of combat capability has had a positive impact. Your continued support is imperative.

Readiness and sustainability programs provide the country with the greatest dollar leverage possible for combat capability. Any significant disruption will shift

the balance of our military capability posture and compound the problems we are striving to overcome.

Senator HUMPHREY. Thank you.
General Marquez?

**STATEMENT OF LT. GEN. LEO MARQUEZ, DEPUTY CHIEF OF
STAFF, LOGISTICS AND ENGINEERING, U.S. AIR FORCE**

General MARQUEZ. Yes, sir. To begin, it is a pleasure for me to appear with General Chain and the other gentlemen here to discuss readiness.

In the logistics area, as General Chain has suggested, we are making substantial progress in achieving our ends for readiness and sustainability in all the readiness accounts, such as the spare parts and the acquisition of spare parts, and the assurance that our depots and repair facilities are fully manned and fully funded to take care of the requirements generated by our newer aircraft as well as our large fleet of very old airplanes which are creating supportability problems of another kind.

But with the help of this committee and the support that the Congress has given us over the past few years we have made very excellent progress toward achieving those goals and we have a well-structured plan to achieve those ends by the end of the 5-year defense period.

I have submitted a formal statement for the record which amplifies in more detail some of the discrete numbers that go against these accounts that are in our request for fiscal year 1985.

Thank you very much.

[The prepared statement of General Marquez follows:]

**PREPARED STATEMENT OF LT. GEN. LEO MARQUEZ, DEPUTY CHIEF OF STAFF/LOGISTICS
AND ENGINEERING HEADQUARTERS, U.S. AIR FORCE**

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the readiness of United States Air Force forces.

As General Chain commented, the United States has made great headway over the last three years in strengthening our Air Force and better preparing it to meet the challenges of the 1980's. With the continued support of this committee and others, we have been able to offset the effects of the forced tradeoffs of the 1970's and have built a balanced program of military preparedness. Not only are we acquiring new "state of the art" weapons systems; we are also acquiring the spares, munitions and support equipment necessary to insure that the force clearly remains a credible deterrent. These items are critical to the readiness and sustainability portions of the force structure equation. Spares, munitions, fuels, and support equipment are required to support our peacetime training, to meet the initial surge requirements at the outbreak of hostilities and to sustain our forces until the industrial base can be mobilized to meet our wartime requirements. Aircraft modifications also play an important role in readiness and sustainability. Our objectives reflect logistics preparedness for a prolonged conventional conflict and the need for adequate reserves to win.

SPARES

Adequate acquisition of necessary spares is vital to peacetime readiness and wartime sustainability. There are three categories of aircraft replenishment spares: Peacetime Operating Stocks (POS), War Readiness Spares Kits/Base Level Self-Sufficiency Spares (WRSK/BLSS), and Other War Readiness Materiel (OWRM). The POS spares support our peacetime training and form the baseline for our wartime spares requirements. Assets are added as needed to support deployments and combat operations. WRSK/BLSS spares support initial wartime surges. OWRM assets provide wartime sustainability capability until industry mobilizes and achieves production levels that meet our wartime requirements.

In the late 1970's, the introduction of new weapon systems was accomplished at the expense of fully funding our replenishment spares account. As new systems entered the inventory, they brought with them the need to make similar investments in wartime spare parts stocks. Simultaneously, inflation and reduced quantity buys drove an increase in the price of spares. As a result, funds programmed for replenishment spares in the early 1980's were inadequate. However, with congressional support the Air Force began to correct the spares shortfalls as the fiscal year 1981 supplemental and amended fiscal year 1982 budget were implemented.

The fiscal year 1985 budget continues to emphasize improving readiness and sustainability in the logistics area. Approximately \$6 billion has been requested for spares in this budget submission. In fiscal year 1985, the Air Force has programmed funding for the C-5A aircraft to meet the full sustainability objective. The C-5B will achieve this capability in fiscal year 1988 when spares are received from fiscal year 1986 procurements.

This milestone marks the first aircraft the Air Force will have with full readiness and sustainability capability since the Air Force began a concerted effort to fund readiness and sustainability accounts in fiscal year 1981.

STOCKFUND

The stockfund contributes to Air Force readiness and sustainability by providing consumable repair parts to maintain our weapons systems, equipment, facilities, and other consumables such as fuel, medical supplies, and rations. The fiscal year 1985 budget request provides funds for prepositioned war reserve materiel, including aviation fuel. Requirements are also included in the fiscal year 1985 budget for peacetime inventory to support significant increases in force structure and activity levels. The peacetime request complies with congressional guidance to seek direct appropriations for building inventory to support force modernization rather than financing inventory augmentation through the pricing mechanism.

AVIATION FUEL STORAGE

We continue to experience growth in our war reserve fuel requirements due to refinement of our Southwest Asia planning, approved higher sortie rates for tactical aircraft and higher utilization rates for Military Airlift Command aircraft. We are building additional on-base storage using host nation support, NATO infrastructure, and the U.S. military construction programs. At the same time, we are working with the Defense Logistics Agency to hold additional war reserves for the Air Force in their wholesale inventory. With these initiatives, we have made some significant gains in fuel storage by they have been largely offset by growth in requirements. Our current shortfall of about one-third will probably continue throughout the Five Year Defense Plan.

DEPOT MAINTENANCE

The Depot Maintenance program is the most visible of the O&M programs because of its direct impact on force readiness and high resource needs. The fiscal year 1985 budget request of \$3.8 billion provides funds for eight subprograms—aircraft, missiles engines, other major equipment items, exchangeable components, area/base support, Interim Contractor Support (ICS), and BIG SAFARI (classified programs). The aircraft, engine, and exchangeable component subprograms represent over 85 percent of Depot Maintenance requirements and have the most immediate impact on weapon system availability and readiness. Full funding of Depot Maintenance is vital to supporting Air Force systems. Depot Maintenance is a major source of serviceable spares for peacetime operations. Spares repair under this method cost less than 15 percent of new procurement costs for comparable items. Additionally, reduced funding results in lower component repair rates which critically impact readiness levels. Funding reductions also increase cannibalizations which waste manpower and increase the Not Mission Capable (NMC) rates.

MODIFICATIONS

With the low numbers of new aircraft being acquired, we are keeping our aircraft far longer than before. New capabilities to cope with the changing and increasing threat are often provided through modification of existing aircraft.

Operational readiness is directly impacted by aircraft structural modifications as well as modifications to improve system reliability and to decrease out-of-commission time. With an extension in the retention of older aircraft, structural modifica-

tions become critical. Wing modification programs for the C-130 and the C-135 fleet are prime examples of fiscal year 85 budget submissions in the area.

Another problem with aging aircraft is the requirement to replace tube-type avionics and analog computer technology with modern, reliable systems. B-52 radars, F/FB-111 avionics, RF-4 radar, F-4G inertial navigation system, and numerous common systems such as radios, radar altimeters and air data computers are examples of the many modifications being accomplished to solve supportability problems and to provide improved reliability.

Modifications on older systems that will provide the Air Force with an improved capability to meet newer threats without retiring older systems are also underway. For instance, we are nearing completion of an EF-111 modification which provides tactical jamming capability. Part of our tanker shortfall will be alleviated when we complete the re-engining of the KC-135 thereby providing the fleet with increased range and fuel load capability. This year's budget submission requests fund to upgrade the B-52 with a cruise missile capability and improved Electronic Countermeasures (ECM) capability.

In this brief synopsis, I've discussed a few of the primary issues in the logistics area that critically effect the Air Force's ability to maintain and sustain a ready fighting force.

Our capability has improved in recent years, partially attributable to the dedicated efforts of this subcommittee and others in the House and Senate. Your willingness to support the Air Force in our efforts to improve the funding of many facets of combat capability has made a positive and measurable impact. In the unglamorous arena of readiness and sustainability, your continuing support and active interest are critical. This area generally receives little attention, yet constant, steady and consistent growth is imperative. Disruptions from the current program of improvement and progress can only compound the deficiencies in the logistics area that we are striving to overcome.

Senator HUMPHREY. Thank you.
General Worrick?

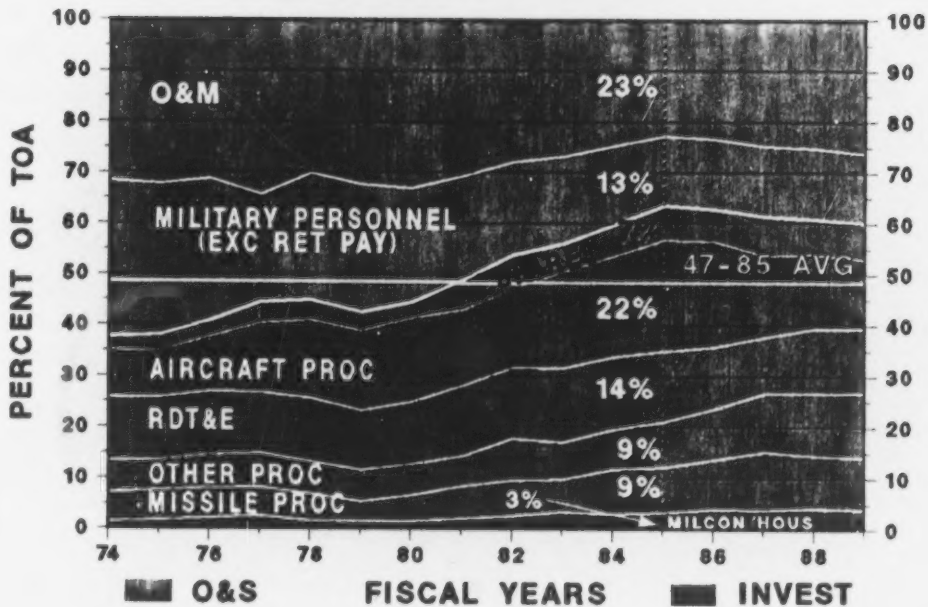
**STATEMENT OF BRIG. GEN. MARK J. WORRICK, DEPUTY
DIRECTOR OF BUDGET (OPERATIONS), U.S. AIR FORCE**

General WORRICK. Thank you, sir. I have a short presentation I would like to make, Senator.

First of all, I would like to reiterate it is an honor and a privilege to be here today to talk about the operation and maintenance account, which is truly the lifeblood of the readiness of today's forces.

Operations and maintenance is designed to support all the activity that is ongoing, day-to-day, in today's Air Force, and the size of the operation and maintenance accounts is a direct reflection of the levels of activity that we have, whether it be flying hour activity or training or what have you.

APPROPRIATIONS (CONSTANT FY85 \$)



In the overall share of the Air Force budget the operation and maintenance account this year covers 23 percent. That is the top portion of the slide that you see there. There has been some discussions by various groups that perhaps 23 percent is not the proper balance in the Air Force appropriations. However, there is no magic ratio as to what the O&M percent of the budget should be.

As we are in a heavy procurement year, like we are in this particular timeframe, the percent of the overall budget goes down. It is just a matter of mathematics. When we are in the lower procurement years, as you notice there in 1974 on the lefthand side of the slide, the O&M account was roughly 32 percent of the budget.

But there is no magic ratio and we feel that there is a proper balance between the amount of money being spent in operation and maintenance this year to support today's forces in relationship to the overall budget.

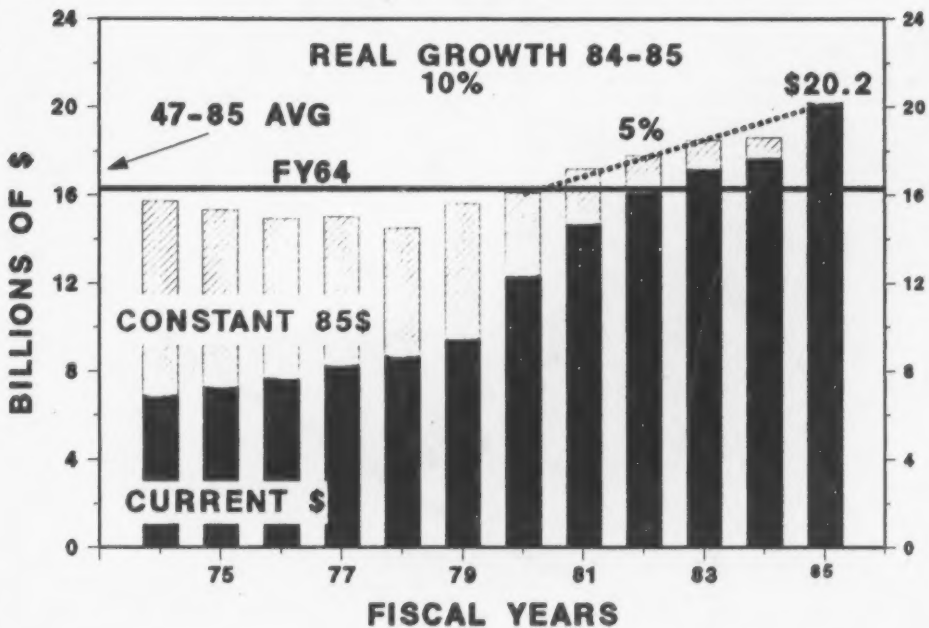
TOTAL AIR FORCE O&M (MILLIONS OF \$)

	<u>FY84</u>	<u>INFL</u>	<u>PGM GRWTH</u>	<u>FY85</u>
O&M, AF	\$ 17,731	\$ 721	\$1,782	\$20,234
O&M, AFR	791	27	66	884
O&M, ANG	1,806	61	5	1,862
TOTAL O&M	\$ 20,328	\$ 809	\$1,843	\$22,980

As far as dollars, the overall O&M in the Air Force is \$23 billion in the 1985 budget. Of this, \$809 million represents price growth or inflation, and the program growth is \$1.8 billion.

We feel that is a good sign. It is showing that the Air Force and the Department of Defense has recognized the need for a healthy growth in O&M and the budget reflects that.

ACTIVE O&M - TOA



Here is another slide, a little bit busy, but it is a histogram from 1974 to the present. The black line across the middle shows the pre-Vietnam days of fiscal year 1964 and it shows that O&M was rather low in the 1975-77 through 1981 timeframe, and finally in the 1982-85 we are finally getting the real growth and the emphasis we feel we need to support today's readiness.

And that support is what General Chain and General Marquez just mentioned earlier. We are putting more and more emphasis on getting our forces ready today. I think we have come quite a long way in the last 3 or 4 years.

The overall growth from 1984 to 1985 in the O&M account is 10 percent. The overall growth in the past 5 years has been 5 percent.

**ACTIVE O&M (3400) TOA
COMMODITY COMPARISON
(BILLIONS OF \$)**

COMMODITY GROUP	FY84	FY85	% REAL GROWTH
CIVILIAN PAY	\$ 3.4	\$ 3.6	+ 3 %
TRAVEL & TRANS	1.2	1.2	+ 0
UTILITIES & RENT	.7	.7	+ 0
COMMUNICATIONS	.5	.6	+ 5
DPEM	3.1	3.5	+ 15
PURCHASED SERVICES	1.6	1.9	+ 16
AIRCRAFT POL	1.7	2.2	+ 8
SUPPLIES & EQUIP	2.1	2.4	+ 7
OTHER EXPENSES	.1	.1	+ 0
TOTAL	\$17.7	\$21.2	+ 10 %

Senator GOLDWATER. General, pardon me. Have you ever related the last slide's figures to the total Air Force budget as a percentage?

General WORRICK. As far as the real growth?

Senator GOLDWATER. Yes.

General WORRICK. Yes, sir, and I believe I would have to give you some exact figures, but right now from 1984 to 1985 15 percent is the overall Air Force real growth. Now the 5-year real growth, I want to say it is 10 percent, but I am not certain, Senator. But the current year, sir, from 1984 to 1985 was a 15-percent real growth.

Senator GOLDWATER. OK.

General WORRICK. Now when we look at O&M we often look at it in terms of commodities: what does O&M buy? What does it do for you? And it is these typical things that you have to run any organization. It takes people and things to provide services and to keep our activity levels up.

So what we look at in O&M are things such as the pay for civilians; travel and transportation for supplies and equipment; utilities and rents, which includes data processing equipment; long-haul communications as well as base level communications.

The DPEM line you see there is depot purchase and equipment maintenance, which is really the greatest measure of readiness as far as payoff goes. That gets you your spare parts back out to the flight line to repair the aircraft.

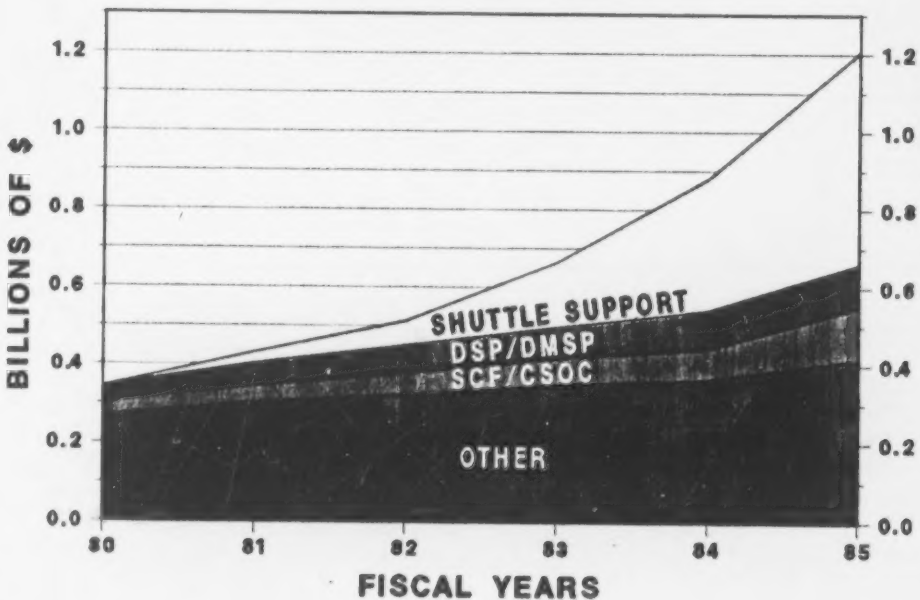
The purchase of services line covers all types of services that you would procure. That includes even the space shuttle, and that is one of the biggest growths, by the way, in purchased services, and

it includes all the maintenance services that you would find on an air patch, including real property maintenance and repair.

The aircraft petroleum, oil and lubes is self-explanatory and the supplies and equipment go toward keeping the aircraft in the air and equipping the various facilities throughout the Air Force. The other expenses line covers such things as GSA leaseings, unemployment compensation, that sort of thing.

The real growth, as you will notice, and the biggest real growth is in the communications line, depot purchased equipment maintenance line, and the purchased service line, that I will go into detail in just a few moments. The overall real growth, again, is 10 percent for the O&M accounts.

SPACE O&M



One of the biggest expenses that we are going to incur in fiscal year 1985 is support of the shuttle program. We are putting more and more defense missions on the shuttle and we have about a \$275 million growth in that line alone, and that view of the world, of O&M supporting space programs, is going to keep growing in the outyears as we use the shuttle more and more.

The other thing that is happening in that green band, if you notice, there we are improving the satellite control facilities, the launch facilities at Vandenberg and the CSOC line in the Consolidated Space Operations Center which is being equipped and built out in Colorado Springs.

O&M, AF FLYING HOURS (F/H) (THOUSANDS OF \$)

	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>CHANGE FY84-85</u>
F/H	2,284	2,341	2,392	51
TAF F/H				
(PILOT/MNTH)	18.6	19.3	20.1	0.8

MAJOR F/H CHANGES

- 49 - TACTICAL FORCES
- 8 - AIRLIFT
- 5 - PILOT AND NAVIGATOR PRODUCTION

Now here is a slide that makes the tactical Air Force pilot very happy and it is what General Chain alluded to. We have a significant growth in our flying hour program from 1984 to 1985. What this does, this allows the Air Force to approximate the 20 hours per month per pilot that we have been trying to get to over the last several years.

There is—49,000 of our flying hour increase is directly related to the tactical forces.

Senator GOLDWATER. Do you think that is enough time?

General CHAIN. No, sir. We would like to have it more. Our requirements are higher than what you see on the board but, as you know, Senator Goldwater, we do not do it by flying hours. That is a nice common denominator that everybody understands, but we do it by each weapon system from each base.

So if you have to take off from Langley Air Force Base and you have a short time to the gunnery range the pilots there per month may end up needing 19.8 to get the number of sorties that we want them to be able to fly. Conversely, if it is out at Luke and going down to Gila Bend, maybe we need to have them at 22 hours per month because of the time en route to and from the range.

So we use sorties, is what we inside the Air Force use as the common denominator, but then when we translate that and ask for money, you cannot ask for money for sorties. We have to ask it for flying time and so these hours reflect an aggregate of the different weapon systems at the different places. But overall we have done much better. We have still got a little bit farther to go.

Senator GOLDWATER. Now this figure you have of 20.1 is an overall average, so you count the high time like you might get at MAC and the low time that you might get at a tactical base all together?

General WORRICK. This is just tactical.

Senator GOLDWATER. Pardon? It is just TAC?

General CHAIN. The tactical forces, which would be overseas, the fighter forces. But, for instance, in the A-10 we plan to have 23.2 hours for the A-10 this year, and 19.7 for the F-15, and 20.2 for the F-16, and 19.7 for the 111, so this is an aggregate number, and then those numbers relate to sorties.

So this is a macro view. It says we are doing better. We still have a way to go.

Senator GOLDWATER. Would 24 hours look better to you?

General CHAIN. Yes, sir.

Senator GOLDWATER. I think you need that time, especially in tactical fighters.

General CHAIN. Yes, sir.

Senator GOLDWATER. What would MAC's average time be, do you know?

General CHAIN. Yes, sir. For the C-5, because of the experience level we have in the C-5 and the types of missions that they fly, our requirement is for 16.2 hours per month per pilot and they are getting 14.8. For the 141, the goal is 35.7, and they are getting 33.9; and for the 130 it is 30 hours per month and they are getting 28.1.

So in no case are we exceeding what the goals are, but we are fairly close.

Senator GOLDWATER. Thank you.

DEPOT PURCHASED EQUIPMENT MAINTENANCE TOA (MILLIONS OF \$)

		<u>FY84</u>	<u>FY85</u>
AIRCRAFT		\$842	\$ 818
MAINTENANCE	\$394		\$415
MODIFICATION	448		403
MISSILE		93	110
MAINTENANCE	62		84
MODIFICATION	31		28
ENGINES		210	275
OMEI		104	115
EXCHANGEABLES		1,702	2,048
AREA/BASE SUPPORT		64	74
TOTAL		<u>\$3,115</u>	<u>\$3,598</u>

General WORRICK. Sir, the depot purchased equipment maintenance program is a sizeable dollar value, \$3.5 billion, but this, as I indicated earlier, is probably our biggest payback as far as keeping our aircraft operational and flying ready. There is a healthy growth from 1984 to 1985.

In the aircraft maintenance area, that is fairly level—that is periodic maintenance. In the modification program you will notice a slight decline. That is because the EF-111 mod program is being completed.

And in the missile maintenance area the increase there is in the upgrade of the Minuteman silos and phase 2 of the motor washout program. There are some minor modifications in the missiles.

In the engines, the big increase there is the F-100 engine is getting older and we are experiencing a higher maintenance problem there—not a problem, but a higher maintenance requirement.

In the exchangeables—there is the big area; that is the one checked out there in red—the basic problem there is the backlog has been growing so large that we had to take steps this year to put close to \$500 million in that whole program to reduce the backlog. The backlog will be coming down to zero, but not until 1987.

But we are working hard to get the backlog down. We will talk more about that later, I am sure.

Senator GOLDWATER. How many hours are you getting on the 100 before change?

General MARQUEZ. Sir, I do not know that precise number. I started to make a clarifying statement that says that actually the F-100 engine is maturing more and yet overall it is not requiring

more maintenance dollars. The number that is reflected there, sir, is the result of the fact that as the numbers of engines in the fleet have increased as has the length of time they have been out, they are now reaching their overhaul interval, and that is why they are coming in at that pace.

We will provide you, though, with a number for the record on precisely what we are achieving now on the F-100, both in the F-15 application and in the F-16.

Senator GOLDWATER. I would like to have that and also how many hours you have between changes on the hot section.

General MARQUEZ. Yes, sir, we will provide you with all of that. We have been, as you know, instituting some hot section fixes to that engine, to improve durability. Those are ongoing and we will see those durability factors improve as we get the incorporation of the improved metallurgy into that hot section. But we will provide all that for the record, sir.

[The information follows:]

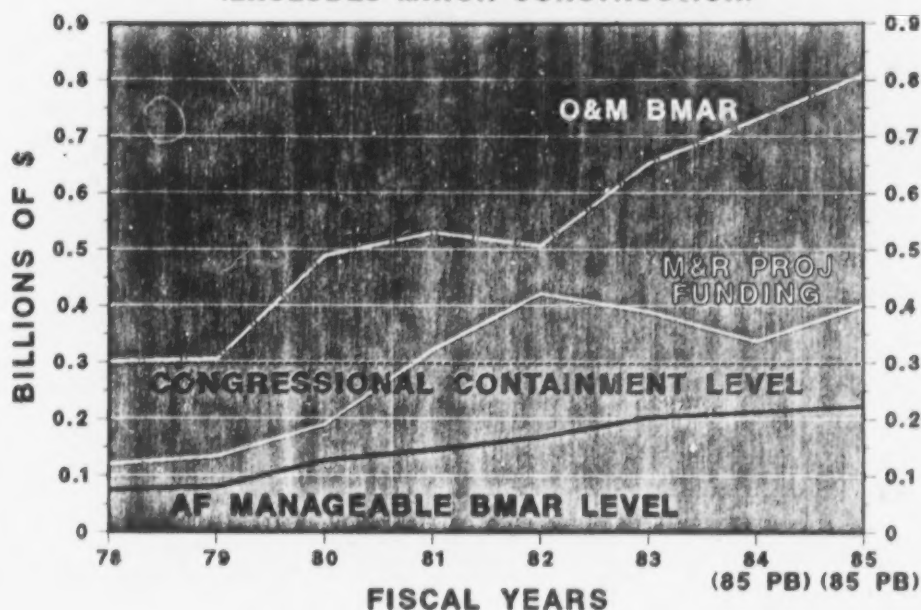
F100 ENGINE

The F100 engine is a modular engine and as such is seldom returned to the depot for overhaul as a complete unit. Instead, four of the five modules that make up the engine are overhauled as they reach a predetermined number of operating hours or cycles. The overhaul interval for the fan module is 1800 TAC cycles, for the low pressure turbine it is 3000 cycles, 2500 hours for the gearbox on the F-15 and 1500 hours on the F-16 gearbox. The augmentor module does not have an overhaul criterion. It is maintained under the Reliability Centered Maintenance (RCM) concept and is repaired in the field or at the depot as needed. The driver of the engine life and depot overhaul schedule is the core module (hot section) which consists of the high pressure compressor, combustor, and the high pressure turbine. Early in the program, we were overhauling cores at 900 cycles. Improvements were made and we are now overhauling at 1300, 2300, 3600, 5400, and 7200 cycles. The vast majority of cores have less than 3600 cycles. Currently almost all cores are reaching their overhaul cycles before being returned to the depot. To place a cycle in relation to flying hours we use a factor of two to one. This means that for every one flying hour, we accumulate two TAC cycles.

Beginning with Lot X engines, which started production in February 1982, improvements were incorporated into the core which allowed the overhaul interval to be increased from 1350 cycles to 1800 cycles. The first few cores are just now reaching their overhaul cycles. The new F100-220 engine has new materials and design which will allow it to go to 4000 cycles (approximately eight years) before the first overhaul. We are now investigating the feasibility of incorporating this new improved life core into the F100-100 and F100-200 engines. This would greatly enhance the durability and reliability of our current engines.

General WORRICK. Sir, another area that affects readiness directly is the real property maintenance backlog, the backlog of maintenance and repair of our facilities. The number of buildings and facilities that we have in the Air Force are getting older and older. Our big years of building those were 25 and 30 years ago.

BACKLOG OF MAINTENANCE and REPAIR (EXCLUDES MINOR CONSTRUCTION)



Now we have been putting more and more dollars into this particular program, and in 1982 you will notice that dip there right in the center of the chart that we finally made a dip into the backlog. But you will notice from that point on it continued to grow, even though the funding line, which is that yellow line, indicates that we have continued to add funding each year.

Now there is a bit of a phenomenon there. We are identifying more and more projects for base maintenance and repair and we feel that part of that has to do with a better identification of what is really needed out there. Back in the leaner years prior to 1978, or when Congress really did express interest in getting the containment level down, there was a tendency that you would not report all of your requirements or do all of your design work for requirements because you did not feel you had a chance of getting the dollars anyway, and so you would take your limited moneys and spend them on repair rather than design.

And so there is a certain amount of rising expectations that is causing that O&M BMAR line to build up. Although all the requirements are valid, it is a matter of what is reasonable and what you can accomplish within a 4- or 5-year program.

Now what we have done is the Air Force has looked at it and has taken the assessment as to what they can afford to put into it each year, but the reduction of that backlog still calls to be reduced to the containment level specified by Congress, which is the \$300 million level. That is the red line you see up there, and that is programmed to be down to that containment level by fiscal year 1989.

MFP SUMMARY (MILLIONS OF \$)				
O&M, AF	FY84	INFL	PGM GRWTH	FY85
STRATEGIC FORCES	\$ 3,041	\$ 17	\$ 165	\$ 3,223
GEN PUR FORCES	3,857	-10	291	4,138
INTELL/COMM	1,726	118	381	2,225
AIRLIFT	1,225	43	41	1,309
CENTRAL SUPPLY & MAINTENANCE	5,385	508	808	6,701
TNG, MED & OTHER				
PERS ACTIVITIES	1,958	34	72	2,064
ADMIN & ASSOC ACTIVITIES	533	11	22	566
SUPPORT OF OTHER NATIONS	7	1	4	8
* TOTAL	\$17,781	\$ 72	\$ 1,782	\$ 20,324
* COLUMNS MAY NOT ADD DUE TO ROUNDING				

I have two more slides; this is the next to the last one. But when we look at O&M in addition to the commodities that I showed you before there is another way to slice it, to look at it, and that is what weapon systems or what categories of mission we support.

If you will notice the column headed "Program Growth," which is the \$1.782 billion, which is a number familiar to you from before when we showed the commodities, those various commodities are spread out into those force programs you see there on the left.

The strategic forces, of course, are primarily the Strategic Air Command and the Air Defense Forces. The program growth there is in the area of C³ and the Minuteman that I talked about earlier.

In the General Purpose Forces that is your tactical air forces—that is your PACAF, USAFE, and TAC—and the big bill there is again in direct support of the flying hour program and the new weapons coming on board.

The Intel/Comm area, the \$381 million program growth, that is your space, AT&T divestiture, which is a big increase this year, and your Intel program.

Airlift, of course, is MAC. The big growth there is a line item we call CRAF readiness, which is the Civil Reserve Air Fleet, where we give a certain percentage of our airlift dollars to the commercial carriers to help us with not only hauling passengers but in hauling equipment.

Central supply and maintenance area is the depot purchased equipment maintenance that I spoke of where we had a big build to reduce that backlog. Training, medical and other. The build

there basically has to do with support of the accessions we have coming onboard.

By the way, we are asking for 15,700 increase in military this year. The medical programs are kind of going outside the cost of those. They are really growing up. Forty-six million dollars of that \$72 million is strictly for cost of medical payments.

The administration and associated activities are two areas primarily. One of them is unemployment compensation, which represents about \$11 million; and the other one is the computers we have at our headquarters are of the early 1960 vintage and those are being replaced and the systems and software for them are being upgraded.

The support of other nations' line is a small increase, and that has to do with the NATO AWACS program, just the support of the activities over there.

AIR FORCE READINESS IMPROVEMENT

	FY83	FY84	FY85
AF TAI	8,313	8,552	8,579
TOTAL F/H (000)	3,162	3,386	3,521
TAF F/H (PILOT/MONTH)	17.6	18.6	20.1
MILITARY E/S (000)	570	592	610
ACCIDENT RATE PER 100,000 HOURS	2.44	1.73	1.73

Senator GOLDWATER. Are we maintaining the F-16's that are made over there?

General MARQUEZ. The European Participating Government countries are maintaining their own aircraft over there.

General WORRICK. Sir, my last slide talks about some signals or some indicators of our improved readiness. The total aircraft build is a plus-89 aircraft. That is a variety of increases—F-16's, F-15's KC-10's—and the offset by reduction of some of the older aircraft—the F-4 and the F-106's.

We have talked about the total flying hour increase and what it has done for readiness. We have talked about the approximately 20

hours per pilot per month in the TAF and, of course, the build I mentioned of about 16,000 end strength from 1984 to 1985.

One thing that General Chain did not mention is that the Air Force is extremely proud of the accident rate per hundred thousand hours, which is a low 1.73 last year.

That concludes my presentation. Thank you very much for the opportunity to be here.

[The prepared statement of General Worrick follows:]

PREPARED STATEMENT OF BRIG. GEN. MARK J. WORRICK, DEPUTY DIRECTOR OF
BUDGET (OPERATIONS), HEADQUARTERS, USAF

Mr. Chairman and members of the committee, I am pleased to appear before this committee to present and discuss the Air Force Operation and Maintenance (O&M) budget requests for fiscal year 1985. My statement will compare fiscal year 1985 budgets with fiscal year 1983 and fiscal year 1984 funding levels (actual and budgeted) for the Active and Reserve Forces, and will highlight the forces, manpower, programs, and resources supported by O&M funds.

The following is a summary of the fiscal years 1983-85 O&M budgets:

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
O&M, Air Force.....	17,179	17,731	20,234
O&M, Air Force Reserve.....	762	791	884
O&M, Air National Guard.....	1,815	1,806	1,862
Total Air Force.....	19,756	20,328	22,980

I will first discuss the O&M, Air Force budget, and then those of the Air Force Reserve and Air National Guard.

OPERATION AND MAINTENANCE, AIR FORCE

The O&M appropriations, along with the Military Personnel appropriations, finance the day-to-day business of the Air Force. O&M funds buys the resources to operate and maintain weapon systems and facilities, purchase supplies, equipment, fuel and contract services, and pay civilian employees. Obviously, these funds impact directly on the operational readiness of our forces.

The following table shows the O&M funding, actual and proposed, for the active Air Force, fiscal years 1983-85:

O&M, AIR FORCE: BY MAJOR FORCE PROGRAM

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Strategic forces.....	3,075	3,041	3,223
General purpose forces.....	3,760	3,857	4,138
Intelligence and communications.....	1,421	1,726	2,225
Airlift forces.....	1,158	1,225	1,309
Central supply and maintenance.....	5,419	5,385	6,701
Training, medical and other general personnel activities.....	1,943	1,958	2,064
Administration and associated activities.....	395	533	566
Support of other nations.....	7	7	8
Total.....	17,179	17,731	20,234

The fiscal year 1985 budget contains approximately \$1.8 billion or 10% real growth over fiscal year 1984. This growth is driven largely by expansion in the space program, for the Space Transportation System (Space Shuttle), Satellite Control Facility, the Defense Meteorological Satellite Program, and the Consolidated Space Operations Center. Increases for new weapon system support are driven by requirements for the Ground Launched Cruise Missile (GLCM), B-1B, Joint Surveillance Systems (JSS), Advanced Medium Range Air-to-Air Missile (AMRAAM), and airlift requirements. Major flying hour increases are due to the TAF Readiness (force growth, "graduated combat capability levels," fighter flying time per pilot increase), F-106 to F-15 conversion, European Distribution System Aircraft, and flight training. Growth in the Communications Program is necessary to correct past problems and for some modernization. Past problems include the demise of TELPAK (which offered us preferred rates), tariff increases, poor AUTOVON call completion rate, and the impact of the AT&T divestiture on long haul communications costs. The estimate does not provide for the impact of the AT&T divestiture on local (base) communications costs due to the uncertainty surrounding the magnitude of the rate increases. New program growth includes tele-communications center upgrades, Collocated Operating Bases (COBs) in Europe, space surveillance, and tactical command and control. Real property maintenance increases are necessary to partially recover from suppressed fiscal year 1984 funding levels. The real property maintenance by contract program still remains well below fiscal year 1982 and fiscal year 1983 levels. Depot Maintenance, a key readiness program, increases in fiscal year 1985 mostly to repair exchangeable components within aircraft, engines, missiles, and other major end items. The fiscal year 1985 exchangeable repair growth is largely caused by carryover of unfunded fiscal year 1984 requirements. The fiscal year 1985 budget also contains growth in Systems Engineering and Contractor Logistics Support, Environmental Restoration, medical supplies, equipment and treatment facilities.

Details on the price growth and program changes are provided on the following pages.

ESTIMATED PRICE GROWTH

The budgeted price growth of \$721 million in fiscal year 1985 includes price increases for non-personnel purchases, annualization of the fiscal year 1984 pay raises, and fiscal year 1985 foreign national indirect hire pay raises. By including price growth, the budget request becomes a more realistic estimate for the cost of O&M programs; and by providing for price growth, the Authorization and Appropriation Acts will more closely reflect the funding needed to execute the approved programs.

PRICE GROWTH BY CATEGORY

[In millions of dollars]

Category	Fiscal year 1985 budget request	Amount included for price growth
Civilian personnel	3,397	42
Travel	465	8
Stock fund (SF)	4,203	413
Depot maintenance industrial fund (DMIF)	3,598	-87
Transportation	1,350	-38
Other purchases	7,222	383
Total	20,235	721

WHAT O&M BUYS

Although O&M funding is critical to readiness, the O&M account is not well understood by many who have an otherwise excellent knowledge of military affairs. Even members of the armed forces often have a limited knowledge of what it buys. O&M buys such an array of programs and elements which support operational missions, as well as such a volume and variety of goods and services, that it is difficult to grasp the full range and importance of the account.

The O&M appropriation provides the money used to buy fuel and parts for aircraft, missiles, and vehicles. It is also used to maintain runways and facilities, operate the physical plants, perform depot maintenance on weapon systems, train and

provide health care to people, and pay civilian employees. All levels of the Air Force are active in managing, budgeting, and executing O&M. The primary determinants of O&M dollar requirements are flying hours, forces, and bases.

In terms of aggregate physical plant, major units, combat training activities, and other gross quantitative indicators, the following kinds of things are acquired and/or supported with O&M funds (FY 1985 data):

Major installations—130.

Aircraft flown and maintained—6,615 (total aircraft inventory).

Flying hours—2,391,428 (O&M, AF—active); Aircraft POL—56,104,000 BBLs (active); Other POL—7,561,000 BBLs (active).

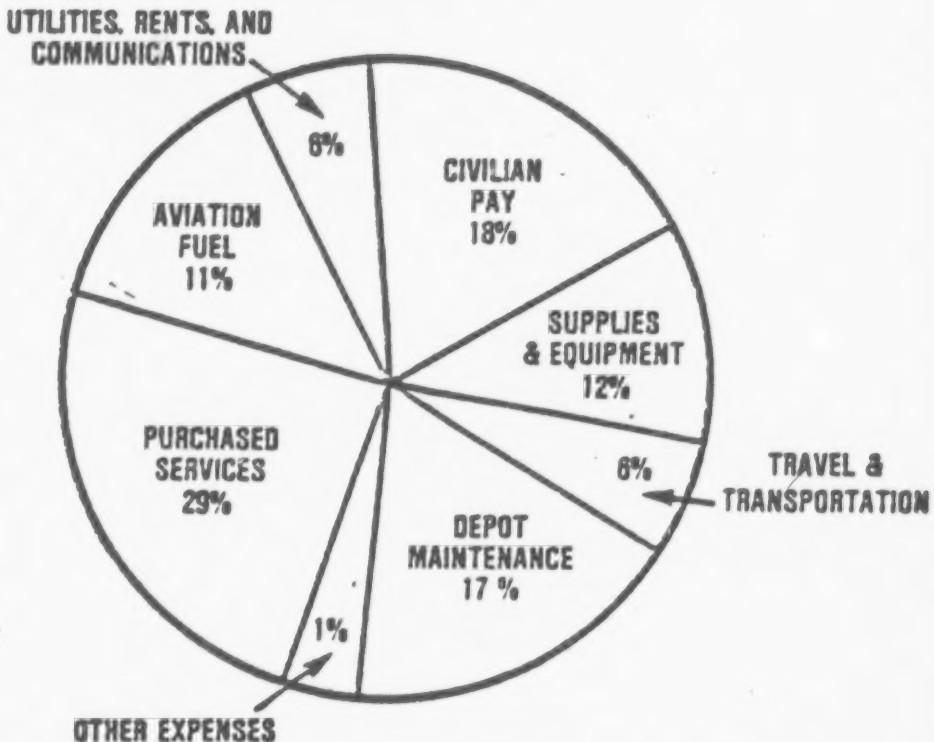
Personnel paid or supported: Military—610,200 (active only); Civilian—154,022 (O&M, AF funded).

Airfield pavements—250 million square yards.

Roads and streets—12,000 miles.

The Air Force budgets, manages and administers its funds by Major Force Program (previously shown). However, to some, it is easier to look at what O&M buys in terms of commodities, that is, broad classes of goods and services. The following chart shows the composition of O&M costs by commodity class.

O&M COSTS BY COMMODITY (FY 1985)



O&M AND READINESS

The military might of a nation has traditionally been measured in terms of troop strength and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. Any assessment of military capability based exclusively on quantities of equipment and number of personnel ignores the essential element of combat readiness. Readiness

ness can be defined as the ability of military forces, units, weapon systems, equipment and personnel to perform functions, at the outbreak of hostilities, for which they have been designed, organized, or trained. As such, it is an element of overall military capability, along with the forces in being (force structure), age and technological capability of weapon systems and equipment (modernity), and the ability to continue effective military operations over an extended period of time (sustainability).

Virtually every O&M dollar the Air Force spends contributes to readiness in some way. However, since much of the Air Force O&M budget is spent on programs whose effectiveness could only be measured during actual hostilities, it is difficult to precisely quantify the readiness impact of every O&M expenditure in peacetime. For example, quantifying the additional readiness derived from one additional sortie by an aircrew is difficult. Even more intangible is the effect on morale and readiness generated by painting or furnishing airmen dormitories. Despite this difficulty, the relationship between the programs O&M buys and the day-to-day readiness of the Air Force is fairly obvious.

AIRCRAFT INVENTORY AND FLYING HOURS

Approximately one-third of the total O&M budget supports flying operations. A large part of the depot maintenance program, all of the aviation petroleum-oil-lubricants (AVPOL), and roughly one-third of the supplies purchased with O&M funds are used to support flying operations.

Aviation POL and supplies are generally understood. Aviation POL is the fuel consumed in the flying of aircraft and in maintaining and testing of engines. Supplies are the replacement parts used by field maintenance organizations to repair aircraft.

Flying hours generate expenditures for aviation fuel, supplies, and depot maintenance, but just as important as the hours themselves are where and how they are flown. Straight and level flight, for example, does little to prepare a fighter pilot for war. Aircrews must practice, as nearly as possible, under conditions they would face in actual combat. Training must be rigorous and realistic to allow crew members to exploit the full potential of their weapon system. When aerial weapons were limited to machine guns and conventional bombs, effective training could take place almost anywhere. As weapons have become more expensive and more lethal, "live" practice with weapons have been limited. Electronic simulation devices have, to a large extent, supplemented practice with actual weapons. Improved technology enables realism to remain a top priority while electronic simulation devices are in use.

To meet this training challenge, highly sophisticated training ranges have been established at the Tactical Air Warfare Center, the Tactical Fighter Weapons Center, and other weapons training sites. Here aircrews can simulate weapons releases against simulated enemy defenses. These ranges and the simulation devices, such as Air Combat Maneuvering Instrumentation (ACMI), are supported with O&M dollars.

Generally, aircrews must deploy to use the ranges. For example, an F-16 squadron from Langley AFB, Virginia, may deploy to the range near Nellis AFB, Nevada. When a squadron is deployed, its maintenance capability goes with it. Maintenance people, spare parts, tools and equipment are deployed, and we reimburse aircrews and maintenance personnel for their additive living costs. All these transportation and TDY costs are paid with O&M dollars.

Training deployments produce other readiness benefits. U.S. based units become more effective by deploying to Europe or the Pacific to train in the environment in which they may have to fight. Effectiveness of our alliances is improved by conducting exchange and interoperability exercises with allied nations. These exercises require significant expenditures of O&M funds, but have a high payoff in readiness training. For aircrews and maintenance personnel to perform the duties for which they train, they must have the weapons, parts, and supplies they need. Transportation of materiel from supply centers in the United States to the using unit, wherever it might be, is paid with O&M funds.

The following table shows the active aircraft inventory and the flying hours funded by O&M funds.

O&M, Air Force active aircraft inventory and flying hours¹

Fiscal year 1984:

Primary aircraft inventory.....	5,885
Total aircraft inventory.....	6,518
Flying hours.....	2,340,847

Fiscal year 1985:

Primary aircraft inventory	5,949
Total aircraft inventory	6,615
Flying hours	2,391,428

¹ Includes foreign government owned (FGO) aircraft.

The primary aircraft inventory (PAI) is the inventory of aircraft actually assigned to units for the performance of their operational missions. The total aircraft inventory (TAI) is the inventory of aircraft that includes the primary aircraft inventory (PAI) and the backup aircraft inventory (BAI). The backup aircraft are those assigned to units to permit scheduled and unscheduled maintenance, modifications, inspections and repair without reduction of aircraft available for the operational mission. Changes in the flying hour program are correlated with changes in PAI, since PAI is the inventory factor in determining the allocation of flying hours to units.

The total aircraft inventory increases by 97 aircraft in fiscal year 1985 as a result of the Air Force's modernization program and includes replacing older F-4s with F-15s and F-16s and adding additional KC-10, E-3, EF-111, and TR-1 aircraft to the inventory. Additionally, the first B-1 bomber enters the inventory in the fourth quarter of fiscal year 1985 and the third F-15 squadron is activated to replace the aging F-106s.

The O&M flying hour program has an increase of 50,581 hours in fiscal year 1985 resulting primarily from increased flying activity by our tactical fighter and bomber aircrew members and the hours required to support the additional aircraft entering the inventory.

The development of the Air Force flying hour program follows the same general planning, programming, budgeting and execution phases as other O&M programs. The program is designed to meet aircrew training requirements to ensure a responsive and ready force. The two major factors in the development of the program are aircrew requirements and sortie generation capability. In close coordination with the Major Air Commands, the Air Force establishes its program based on the lower of these two factors. The Air Force recognizes that any growth in the flying hour program must consider logistical supportability and aircrew availability along with aircrew requirements.

MILITARY AND CIVILIAN PERSONNEL

The following table shows a comparison of Air Force military and civilian personnel for fiscal year 1983-85:

END STRENGTHS

	Fiscal year—		
	1983	1984	1985
Military (active forces only)	592,044	594,500	610,200
Civilian	251,186	249,419	253,638
O&M, AF	150,614	149,634	154,022
Industrial fund	45,257	44,442	43,730
RDT&E, AF	19,162	18,892	19,164
O&M, AFR	12,280	12,559	12,829
O&M, ANG	23,873	23,892	23,893

The Air Force manpower program for fiscal year 1985 reflects a growth in military personnel (+15,700) and an increase in civilian personnel (+4,219) from fiscal year 1984 levels. The growth in military manpower is primarily to support increases and modernization of tactical force structure such as the ground launched cruise missile and the tactical fighter force; increases in other wartime readiness initiatives; improved command, control, and communications, and intelligence activities; and training associated with the increased force. The Air Force continues to program for full equipage, modernization, and manning of its 26 tactical fighter wings. Not all mission changes will require additional active manpower, however, because initiatives have been taken that will save active manpower spaces or transfer the requirement to the Air Reserve Force.

The increase in civilian end strength is primarily attributable to increased logistics requirements (Depot Maintenance Industrial Fund Support), peacetime work-

load changes (Medical, remote commissary locations), R&D programs, accession/training requirements and miscellaneous increases for communications, intelligence, ADP, and other programs. The principal increase is in the logistics area and is required for spares acquisition support, for DMIF wartime surge and economic peacetime support, and additional civilian manpower in distribution and material management to support new weapons systems and increased flying hours.

FUNCTIONAL REVIEW PROGRAM

Long considered a leader in the manpower requirements determination area, the Air Force is constantly looking for ways to improve on that process. Recent changes have been made to the Management Engineering Program (MEP), integrating certain concepts used in the A-76 cost comparison process, in an effort to reduce operating costs and promote increased productivity.

Over the next 6 years, the Air Force will be conducting functional reviews on those commercial activities that must remain in-house for national defense reasons. Reviews are planned in virtually every functional area, encompassing nearly 620,000 authorizations (military and civilian). Functional reviews will be conducted by existing MEP personnel with the objective to eliminate unnecessary/inefficient work practices, thus reducing operating costs. The functional review process looks at wartime, as well as peacetime, requirements to ensure that peacetime economies will not have an adverse impact on combat readiness. Manpower resources saved by these reviews will be used to offset valid deferred requirements, or to fund new programs.

CONTRACT CONVERSIONS

OMB Circular A-76 cost comparisons continue as part of our overall effort to reduce Air Force operating costs. Workloads which do not require either military or in-service civilian personnel are considered for potential contract performance in accordance with the Circular. An in-service essentiality review to ensure that combat readiness would not be compromised is accomplished before an activity is identified for cost comparison. Such cost comparisons compare the total Government cost of the most efficient in-house operation to the total cost of contracting such services. The decision to perform in-service or by contract is based upon the results of the cost comparison. Contractor performance is subsequently monitored to ensure that we continue to receive the best service for the lowest cost.

Currently the Air Force is conducting cost comparison studies involving more than 350 activities involving 6,000 manpower authorizations. These and subsequent studies will comply with section 502 of the fiscal year 1981 DOD Authorization Act.

The Air Force has long considered the contract alternative a viable and efficient means of accomplishing workload. As a result, the Air Force has progressed further in contracting commercial activities than the other Services and DOD agencies—approximately 78,000 contract work years. Recent A-76 cost comparison programs have responded to the renewed OMB/OSD emphasis on contracting—almost 17,000 Air Force spaces have been announced for cost comparison and possible conversion to contract since fiscal year 1979. However, this aggressive approach to contracting in the past has brought the Air Force to a level of contracting out at which national defense considerations become overriding; future large scale contracting could degrade readiness and the ability to respond to wartime exigencies. Therefore, the Air Force supports a moderate contracting out program which would be paced such that such activity is critically examined according to its wartime role before certifying it eligible for contract.

DEPOT MAINTENANCE

Within the depot Purchased Equipment maintenance Program (DPEM) is one of the most visible of the O&M programs because of its cost and direct impact on force readiness. DPEM provides for centralized maintenance and modification of aircraft, missiles, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers, through inter-service support, and by contract. The current annual expenditure for depot maintenance is large in dollar terms, but it is small in comparison to results. The funds spent for depot maintenance both maintain and improve war fighting capability. Combat training must be rigorous to be effective. Under the stress of such training, equipment can deteriorate rapidly. Air Force equipment is also exposed to the elements in some of the world's harshest environments. Since we train with the weapons we will fight with, deteriorated equipment must be restored or replaced. By re-

storing equipment to a ready state, depot maintenance helps us avoid tremendous investment costs.

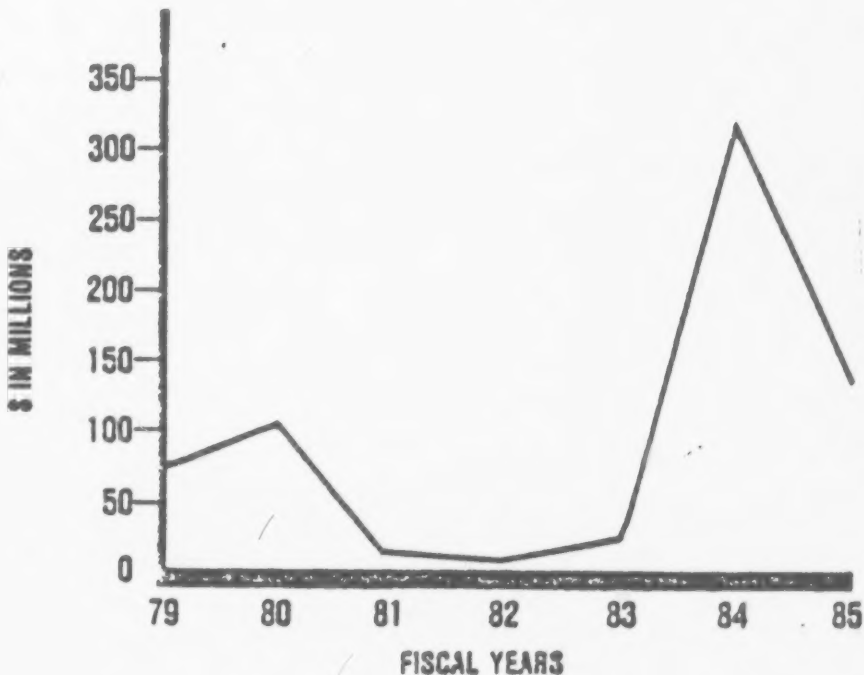
Besides deterioration, we must deal with obsolescence and the resulting need for new capabilities. In many cases, we avoid buying new equipment by modifying existing systems. The C-5 wing modification and the B-52 cruise missile conversion are examples of current modifications. Although modification kits are bought with procurement funds, installation of the parts and kits is an O&M cost—whether accomplished by contractors or by in-house personnel.

The DPEM backlog has increased to \$317 million in fiscal year 1984, but falls to \$134 million in fiscal year 1985. The fiscal year 1984 increase is largely caused by the Air Force's inability to fully fund the fiscal year 1984 requirements. To the extent fiscal year 1984 requirements could not be funded, they carried over into fiscal year 1985. By increasing the fiscal year 1985 DPEM program, the Air force was able to substantially reduce the fiscal year 1985 DPEM backlog.

[In millions of dollars]

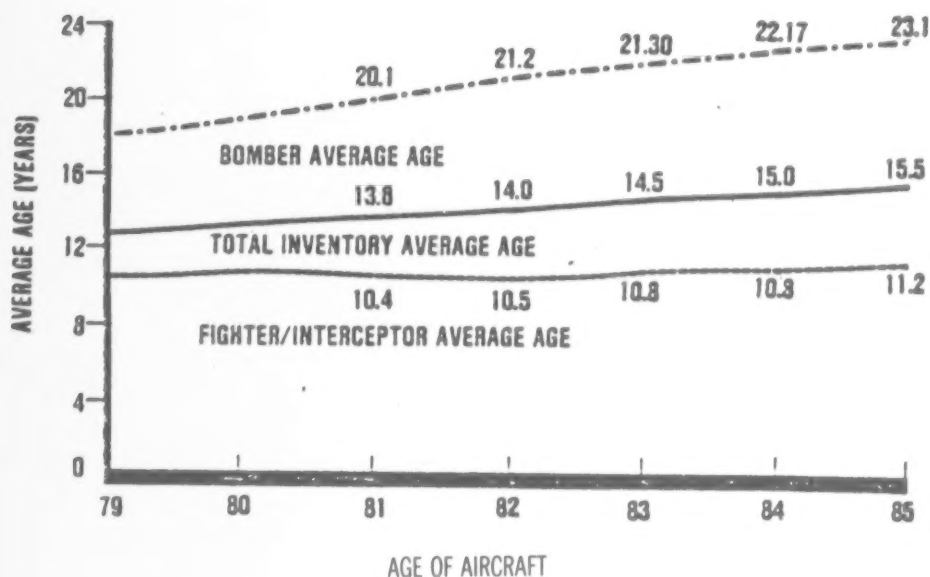
	Fiscal year—		
	1983	1984	1985
Funding.....	2,875	3,115	3,538
Backlog.....	23	317	134

DPEM BACKLOG (O&M, AIR FORCE)



The four major factors that drive the requirement for depot maintenance are the number of aircraft in the inventory, the hours flown, the complexity of aircraft and their systems, and the age of the aircraft. The trends in number of aircraft and flying hours are portrayed on earlier charts. The growing age of the aircraft in the inventory is illustrated on the following chart and table.

PROJECTED AVERAGE AGE OF ACTIVE AIRCRAFT INVENTORY



Fiscal year:	Inventory	9 years +	
		Number	Percent
1964	15,214	5,173	34
1973	10,799	5,076	47
1974	10,156	5,383	53
1975	9,334	5,134	55
1976	9,287	5,758	62
1977	9,256	6,295	68
1978	9,138	6,671	73
1979	8,959	6,757	75
1980	9,073	6,968	77
1981	9,180	6,945	76
1982	9,206	6,964	76
1983	9,355	7,025	75

The foregoing data indicates that in spite of the ongoing modernization program, the average age of aircraft in the force grew perceptibly over the past two decades. For example, the percentage of aircraft over nine years old went from 34 percent in fiscal year 1964 to 75 percent in fiscal year 1983. This aircraft aging is reflected in the increased cost of aircraft repair, maintenance and modification.

STOCK FUND

The Air Force Stock Fund request for Total Obligational Authority (TOA) of \$666.1 million in fiscal year 1985 supports peacetime inventory augmentation (\$522.5 million) and procurement of War Reserve Material (WRM) (\$143.6 million).

The \$522.5 million requested for peacetime inventory augmentation complies with fiscal year 1982 congressional direction to request direct appropriations for the procurement of inventory to support force expansion, force modernization, and material readiness initiatives.

The fiscal year 1985 peacetime inventory augmentation request is composed of the following:

\$443.3 million to support force expansion which includes introduction of new weapon systems such as the B-1B, F16, ALCM, and Ground Communications Electronics Systems.

\$58.9 million to support force modernization which includes initial support for major modifications such as the C-135 reengining program, the B-52 offensive avionics system and cruise missile integration modifications, and Ground Communications Electronics Systems.

\$20.3 million to support readiness initiatives that will improve support of customer demands at wholesale and retail operating activities.

The fiscal year 1985 WRM request allows the Air Force Stock Fund to continue building the capability to meet combat sustainability objectives and to preposition medical supplies and rations that are essential for the care and sustenance of our personnel during combat operations.

Full funding of this request will enable the Air Force to procure the proper mix of stock to: (1) support initial readiness of new weapon systems entering the force structure and modifications to existing systems; (2) expand the range and depth of inventory stockage levels at both wholesale and retail activities to support increased peacetime activity and improve material availability; and, (3) provide the supplies and rations essential to maintain the fighting capability and survivability of our forces.

FACILITY MAINTENANCE AND REPAIR FUNDING AND BACKLOG

A large share (roughly 12-13 percent) of the O&M budget is spent for maintenance and repair of real property and other civil engineering activities. Much of the physical plant in the Air Force is the supporting structure for readiness: maintenance hangars, aircraft shelters, missile silos/launch facilities, satellite control facilities, and runways. This supporting structure is especially important because the Air Force, unlike the other Services, will fight from its air bases. Much of the physical plant is of World War II or Korean War vintage, and we are spending large sums of money to maintain facilities which more practically should be replaced, particularly overseas. Operating these old facilities is unavoidably expensive as well. Shortages of Military Construction funding have caused the Air Force to continue to operate and maintain some marginally effective facilities.

The primary indicator for evaluating physical plant condition is the backlog of maintenance and repair (BMAR). The BMAR is not a measurement of the total maintenance and repair requirement. Rather, it is a measurement of previously identified requirements which were deferred due to a lack of resources, primarily O&M funding. With the exception of fiscal year 1982, O&M funding shortfalls have caused significant backlog increases. Our facilities have deteriorated such that major commands have gone on record to emphasize that we cannot continue the large scale deferral of facility maintenance and repairs. Deferred requirements for airfield pavements, utility systems, and operational/maintenance facilities (all readiness related) now comprise roughly 40% of the current BMAR. The remainder consists of deferred requirements in other work, recreation, and living facilities. Continued deterioration in these facilities adversely affects the morale of our people and our readiness.

Earlier, I mentioned that the BMAR does not represent our total maintenance and repair requirement. The BMAR identifies previously deferred requirements, but each year we also generate newly identified maintenance and repair requirements. Thus each year we have a total requirement that includes deferred (BMAR) plus new requirements. Our success in achieving the real property maintenance/BMAR goals set forth in our budget request is directly proportional to the support for the funding requested in our budget.

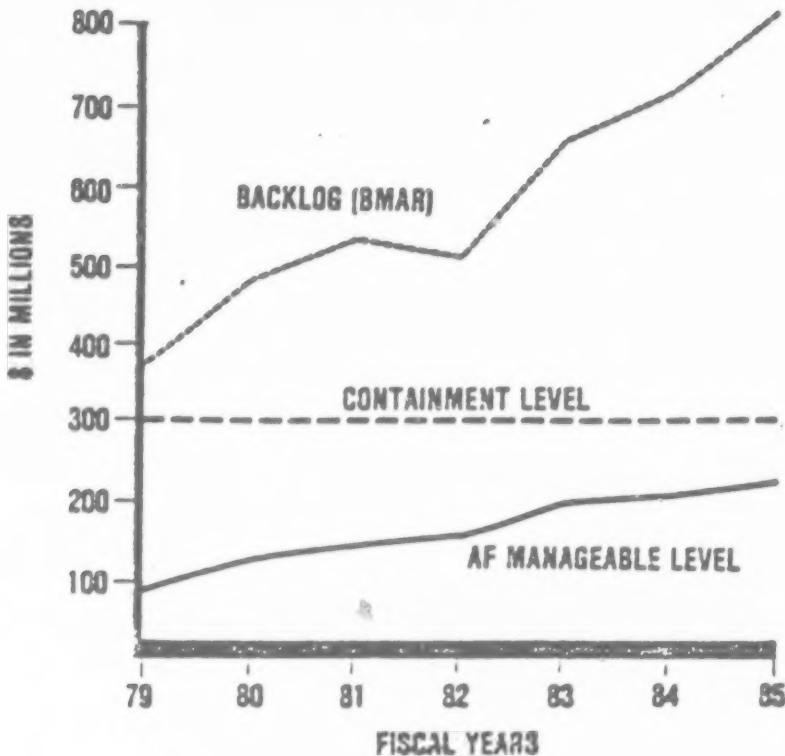
In fiscal year 1982 we were able to reduce the O&M BMAR for the first time since fiscal year 1975. However, because of competing requirements in an austere fiscal year 1984 O&M funding environment, we project another increase in the backlog

this year. The fiscal year 1985 budget request does not include sufficient funding to reverse this trend due to fiscal constraints. In fiscal year 1985 the O&M BMAR is projected to be over \$500 million above the Congressional containment level of \$300 million. We earnestly need your full support of the Air Force real property maintenance funding requests during considerations of the fiscal year 1985 budget.

Facility maintenance and repair backlog (O&M, Air Force)

Fiscal year:	Millions
1983.....	653
1984.....	718
1985.....	807

FACILITY MAINTENANCE AND REPAIR BACKLOG (O&M, AIR FORCE)



RECRUITING AND ADVERTISING

The recruitment of quality personnel is essential if the Air Force is to continue to meet its critical skill requirements. The O&M resources necessary to meet the recruiting goals in fiscal year 1984 and fiscal year 1985 are as follows:

[In millions of dollars]

	Fiscal year—	
	1984	1985
Recruiting.....	28.9	30.9
Advertising.....	16.1	16.9
Total.....	45.0	47.8

Total Air Force recruiting objectives are as follows:

	Fiscal year—	
	1984	1985
Enlisted.....	61,000	69,800
Officer training school.....	2,915	3,266
Health professionals.....	1,311	1,933
Total.....	65,226	74,999

The increase of \$2.8 million between fiscal year 1984 and fiscal year 1985 includes \$1.6 million price growth and \$1.2 million program growth. Although we are currently achieving our enlisted accession goals (NPS and PS), increased emphasis is needed to sustain our success, particularly in difficult recruiting programs such as engineers, physicians in critical specialties, and fully qualified prior service personnel targeted at chronic critical skills. Fiscal year 1985 program growth is required to fund applicant processing and direct recruiter support costs necessary to recruit an additional 9,773 (+15 percent) more enlisted, officer, and medical personnel than in fiscal year 1984. There is no program growth in advertising as we will align our resources internally to meet our most difficult recruiting programs.

SERVICE CONTRACTS

Our fiscal year 1985 budget request is divided into two parts: first, the Special Analysis on Consultants, Studies and Analyses, and Management Support Contracts; and second, a new breakout of Contract Systems Engineering and Contract Engineering Technical Services (CETS). The total request of 402.3 million is an increase of \$55.2 million over fiscal year 1984, consisting of \$16.7 million in price growth and \$38.5 million in program growth. Of this amount \$72 million (18 percent of the total) is for the CETS program. Under CETS, contractor technical representatives provide instruction and training to Air Force personnel in the operation, installation and maintenance of weapons and equipment, particularly for new or modified systems. Often, these systems represent technologies which are new to Air Force operators and maintenance personnel, and for which formal training courses are either limited, non-existent, or not cost effective. The importance of properly trained people cannot be overstated—since they, along with the proper equipment, produce the day-to-day deterrence. Approximately \$20 million (or 5 percent of the total fiscal year 1985 program) is for studies and analyses and for consultant services.

The largest amount, \$311 million (77 percent of the total) is for professional and management services by contract. It is important to understand what type of services are being purchased with these resources. Systems engineering accounts for \$231 million. This provides for a vast store and history of test reports, drawings, proprietary data, in addition to specialized hardware, which cannot readily be duplicated organically. For these reasons, we must rely heavily on contract systems engineering. Other important service contracts reported in the category of professional/management services include technical support for the Defense Support Program, foreign technology analyses, and so on.

We recognize and share the congressional concern that resources for all these service contracts be managed prudently. We have taken a number of initiatives to further this objective, including for example, significant revisions to our accounting system to better control these expenditures at the same (or greater) level of detail at which they are reported. We solicit your support of our budget request in this area.

SPACE OPERATIONS

The Department of Defense is becoming increasingly dependent on space-based assets to conduct effective and efficient military operations. The full integration of space operations in the employment of our terrestrial forces requires that we meet user requirements in terms of factors such as: availability, survivability, performance, supportability, and capacity. Space operations include activities necessary to: (1) enable our access to space, (2) protect our resources from threats in and from space, and (3) operate space systems that enhance land, sea, and air forces.

As the DOD Executive Agent for launch vehicles and the shuttle, the Air Force must provide support, force enhancement, and defense. Space support operations include launch and recovery activities, on-orbit support, and satellite surveillance and control. Force enhancement includes global surveillance and communications capabilities, world-wide command and control systems, precise positioning and navigational data, and detailed and timely meteorological data. Space defense operations include detection, tracking, and identifying all objects in space, timely warning to the National Command Authorities (NCA) of hostile actions against the United States and our allies, developing the capability to deny or nullify hostile acts in or through aerospace, and conducting sustained operations to detect and analyze aerospace threats.

The Air Force is committed to the Shuttle program and is proceeding to bring the Vandenberg AFB launch site to operational status in October 1985.

Our current expendable launch vehicles (ELVs) are being flown out. Production has been terminated for all our expendable vehicles. We expect the last Titan III launch from the Eastern Test Range to be completed during fiscal year 1985. Titan III launches will continue at the Western Test Range through fiscal year 1987 and Atlas E, refurbished ICBMs, will be used to launch the Defense Meteorological Satellite Program (DMS) through 1989.

The Air Force no longer has any backup expendable vehicles. All have been assigned to primary launch missions.

While we are fully committed to the Space Shuttle, we are concerned about sole reliance on the Shuttle as our only access to space. For certain of our national security payloads, we require an assured access to space under all conditions short of direct attack on the U.S. homeland. We believe that we can accomplish this by using a commercial expendable launch vehicle.

We are examining alternatives on how best to implement this plan. One alternative is to permit interested and capable contractors to pay for the non-recurring development costs for a commercial ELV capable of carrying shuttle CENTAUR payloads. These costs would then be amortized over the total number of vehicles sold during the 1988-1992 timeframe (DOD plus commercial). We would insist that contractors deliver the vehicles for a fixed price. The only government commitment required under this approach would be an obligation to reimburse contractors for non-recovered investment costs should the government terminate its purchase of ELVs prior to fiscal year 1992. No reallocation of existing space shuttle flight charge funding would be necessary until fiscal year 1987, when two ELVs would be purchased to be delivered in fiscal year 1988. This essentially applies space shuttle funding to ELVs in the year before launch, just as we currently reimburse NASA for use of the Space Shuttle today.

A major advantage to this approach is that the ELVs would be used to reduce our "launch-on-demand" shuttle flights going to geosynchronous or 12 hour orbits (CENTAUR Flights).

The shuttle would continue to be the primary launch means for those DOD missions in which man provides a unique capability and those missions more suitable for routine flights which lend themselves to advance scheduling such as the initial launches for the Global Positioning System and MILSTAR constellations.

The resulting reduction in DOD launch-on-demand flights would permit NASA to schedule the shuttle for more effective, routine, and multiple payload flights. It would also appear that other commercial users would be more attracted to the shuttle under those conditions since it greatly reduces the chance of DOD pre-emption.

The Consolidated Space Operations Center (CSOC) at Colorado Springs will combine the two mission elements of satellite control and Space Shuttle operations for management, operational, and economic effectiveness. The satellite control element of CSOC will provide communications, command, and control service functions for orbiting spacecraft. The Shuttle element will conduct flight planning, readiness, and control activities for DOD shuttle missions.

Space Program growth in fiscal year 1985 for Operations and Maintenance represents a 50% increase (\$276.9M) over the fiscal year 1984 budget. The largest in-

crease is in the Space Launch Support Program (\$206.0M). This increase is for reimbursements to NASA for shuttle flights and initial operations cost for the Vandenberg Launch and Landing site and the Consolidated Space Operations Center. Other program increases are for the Satellite Control Facility, and Space Boosters Support.

It can be expected that O&M requirements will continue to grow into the 1990 time frame. In 1990, the majority of DOD satellite launches will have transitioned to the Shuttle and the O&M should level off.

PEOPLE

Obviously, people are a key resource. No investment in equipment and facilities would produce readiness without well-trained, motivated, and dedicated people. We must attract and retain high quality people, train them to do their jobs, and sustain them and their families. How well we do all these things is dependent upon our ability to reach these people, and that also means O&M funding. Our recruiting stations, advertising, and the leased vehicles used by recruiters are paid for with O&M funds. Our technical training centers are operated with O&M funds. These centers train recruits in entry level job skills and, as they progress in their careers, provide the skills they need to become senior technicians and managers. When new weapon systems such as the F-15 are bought, instructors and maintenance personnel are sent to the manufacturers' plants for training.

Once military personnel are trained and in the field, most of their operating support, except for pay and food, is provided by O&M funding. Dormitories are maintained and equipped with O&M funds, and dining halls are operated with O&M funds. Morale, welfare, and recreation facilities receive O&M support. The level of real property maintenance funds determines the condition of working facilities. These types of personnel support costs probably have more impact on retention than anything other than pay. Dollars spent for personnel support help avoid much larger costs needed to train replacements for dissatisfied people who leave the Air Force.

The following pages provide O&M Air Force budget data by major force program for fiscal years 1983-85.

STRATEGIC FORCES

Strategic Forces provide the capability to insure credible deterrence in support of national policy. These forces are combined into two major categories: strategic offense and strategic defense. Strategic offense forces are those of the Strategic Air Command and consist of aircraft, missiles, and command, control and communications systems. Strategic defense forces are those of the Space Command, Alaskan Air Command, and Tactical Air Command. These forces include: supersonic interceptors, atmospheric command and control, and space/missile surveillance systems. Funding requirements are summarized in the following table:

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Strategic offensive	(2,127.7)	(2,071.4)	(2,173.2)
Aircraft	1,218.6	1,118.2	1,100.6
Missiles	113.3	140.1	174.9
Other offensive operations	64.0	65.3	66.4
Telecommunications and command control	110.1	107.9	133.1
Base operations	621.7	639.9	698.2
Strategic defensive	(947.6)	(969.5)	(1,050.2)
Surveillance radars	290.9	268.0	304.5
Surveillance satellites	115.8	133.7	145.6
Other defensive operations	136.2	124.9	130.0

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Telecommunications and Command Control.....	93.9	116.4	124.7
Base operations.....	310.8	326.5	345.4
Total.....	3,075.3	3,040.9	3,223.4

Major program increases in Strategic Forces for fiscal year 1985 include the following: O&M support for B-1B Program (\$+6.2 million); increased Strategic Reconnaissance Activities (\$+7.3 million); Contractor Support/B-52 Weapon Systems Trainers (\$+6.0 million); flying hour program increases for the B-52/FB-111/EC-135 (\$+6.7 million); Sustaining Engineering for the Minuteman program (\$+21.9 million); closeout of Cadin-Pinetree sites (\$+11.2 million); increased Base Operating Support (\$+18.3 million); Strategic C3 Upgrades (\$+26.9 million); Minuteman Upgrades (Rivet Mile) (\$+16.7 million); and Dormitory Furniture for fiscal year 1984 MCP (\$12.3 million). These program increases are partially offset by flying hour program decreases for the KC-135 (\$-5.1 million); F-106 Squadron drawdown (\$-4.4 million); one-time buy of dormitory furniture for the fiscal year 1983 Military Construction Program (MCP) (\$-3.9 million); Titan II Silo Dismantling (\$-1.7 million); B-52 Contact Fuel services (\$-1.1 million) and Accelerated Co-Pilot Enrichment (ACE) Program (\$-1.2 million).

GENERAL PURPOSE FORCES

General Purpose Forces consist primarily of the Tactical Air Command, the Pacific Air Forces, and the United States Air Forces in Europe. These forces provide for air superiority, counter-air, interdiction, close air support, reconnaissance and surveillance, and electronic warfare. The following table summarizes General Purpose Forces funding requirements:

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Tactical fighters & weapons.....	1,611.1	1,536.0	1,550.5
Tactical reconnaissance, electronic warfare and special operations.....	128.5	153.5	185.6
JCS exercises.....	26.6	34.3	32.2
Combat support.....	99.5	159.2	201.1
Other command and control.....	179.9	201.3	216.0
Other tactical operations.....	115.8	111.6	109.5
Major range and test facilities.....	19.0	26.5	27.9
Tactical intelligence and special activities.....	152.4	210.3	249.4
Telecommunications and command control.....	106.5	116.2	128.6
Base operations.....	1,253.0	1,291.3	1,437.4
Foreign currency.....	67.3	16.4	0
Total ¹	3,759.6	3,856.5	4,138.1

¹ May not add due to rounding.

Major program increases in fiscal year 1985 include support for the tactical flying hour program (\$+79.8M), support for the KC-10 (\$+8.4M), and increased manning and training and range utilization requirements in support of TAC (\$+8.2M). The above increases directly enhance the readiness posture of our tactical forces. Additionally, support for GLCM program increases (\$+31.8), TR-1 ground station (\$+21.7M), intelligence and special activity programs (\$+22.6), chemical and biological defense programs (\$+8.1M), WRM readiness requirements (\$+12.0M), Tactical Air Intelligence System requirements (\$+11.2) and communications support to tactical programs (\$+9.1) have increased. Real Property Maintenance and Base Operating Support increase to cover programs such as GLCM (\$+13.3M), F-16 beddown

RPMA (\$+10.9M), SWA cost sharing (\$+4.0M) and Wartime Host Nation Support program (\$+4.3M).

INTELLIGENCE AND COMMUNICATIONS

This program has four major areas of activity: The conduct of national, Department of Defense, and Air Force intelligence and security programs and worldwide communications and command control systems required by both National Command Authorities and the Air Force under all conditions of peace and war; space support activities; specialized functions such as weather service, rescue and recovery, air traffic control, and Office of Special Investigations (collectively called service-wide activities); and the base operations functions to support these activities. Funding requirements are summarized in the following table:

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Telecommunications and command control	535.8	582.0	744.8
Space support	310.6	501.2	778.1
Intelligence and service-wide activities.....	540.6	610.5	669.7
Base operations.....	28.1	32.0	32.4
Total ¹	1,420.8	1,725.7	2,225.0

¹ May not add due to rounding.

The changes in funding requirements in fiscal year 1985 include price growth (\$+121.3 million); Space Launch Support Program (\$+130.8 million); Consolidated Space Operations Center (\$+24.3 million); Satellite Control Facility (\$+31.2 million); Space Booster (\$+10.2 million); Weather Service (\$+1.5 million); Defense Meteorological Satellite Program (\$+9.1 million); Electronic Combat Intelligence Support (\$-.6 million); Office of Special Investigations (\$+.3 million); Leased Long Lines Common User Communications (\$+46.4 million); Communications-Electronics Requirements (\$+10.9 million); Contract Logistic Support for E-4B (\$+4.5 million); Defense Satellite Communications Systems (\$+2.3 million); Mobile Ground Entry Points (\$+1.6 million); National Military Command Center (\$+3.3 million); WWMCCS Information System (\$+5.9 million); Real Property Maintenance (\$-.8 million); Inter-Service Agency Automated Message Processing Exchange Program (\$+51.3 million); AFSATCOM/MILSTAR (\$+3.5 million).

AIRLIFT FORCES

This program provides the funds to operate and maintain the Military Airlift Command (MAC). The primary mission of MAC is to maintain the readiness of the military airlift systems in support of contingency and wartime plans and operations. This mission has three subsets: strategic airlift and tactical airlift, special operations (SOF) and combat rescue.

The O&M funds requested in this program are for the initial qualification, continuation and upgrade training of C-5, C-141, and C-130 aircrews, SOF and combat rescue operations, operation and maintenance of MAC bases, advanced helicopter crew training, command, control and communications, maintenance of an operational support airlift system, and field and organizational aircraft maintenance. The funding also supports DOD flying hour requirements for specific airlift missions assigned to the Air Force as a mission/funding responsibility, and local area training for C-5, C-141 and C-130 aircrews.

The peacetime readiness training of the military airlift system provides airlift capability as a training by-product. This by-product satisfies a large portion of the air transportation requirements of the Army, Navy, Air Force, Marine Corps, and other Government agencies by way of airlift services provided on a reimbursable basis by the Airlift Service Industrial Fund (ASIF).

Funding requirements are summarized in the following table:

[In million of dollars]

	Fiscal year—		
	1983	1984	1985
Assigned airlift mission.....	529.1	513.0	550.5
Mission support.....	171.0	179.8	195.1
Special ops and combat rescue.....		53.3	53.1
Combat support.....	16.8	17.8	18.6
Telecommunications and command control.....	20.7	27.9	29.0
Base operations.....	420.7	433.2	462.9
Total ¹	1,158.2	1,225.0	1,309.1

¹ May not add due to rounding.

The increases in funding in fiscal year 1985 include price increase of (\$+42.7 million) and flying hour increases; e.g., local training and Joint Airborne/Air Transportability Training (\$+26.0 million); facility projects by contract (\$+7.0 million); purchase of cargo airlift from CRAF carriers (\$+29.1 million); consolidation of AF TOA into O&M to fund C-12F and C-21 leased aircraft (\$+17.7 million); classified projects (\$+12.6 million); command and control communications (\$+2.7 million) and increased depot maintenance for the 89th MAW aircraft (\$+3.9 million). Offsetting these increases are reduced flying hours (\$-13.5 million); reduced C-5 Allowable Cabin Load requirements (\$-33.6 million); termination of the C-20 lease (\$-6.6 million since C-20 aircraft are procured in fiscal year 1985; and one time Grenada costs (\$-6.1 million).

CENTRAL SUPPLY AND MAINTENANCE

Central Supply and Maintenance funds essential logistical support to operating forces worldwide through the functions of distribution, materiel management, prime procurement, contract management, depot maintenance, and first and second destination transportation. In addition to the direct Air Force mission, similar logistical support is provided to the Air Force Reserve, the Air National Guard, other DOD and government agencies, and selected foreign governments. This program also supports commissary operations, the Utah Test and Training Range, Eastern Test Range, Western Test Range, the Military Aircraft Storage and Disposition Center, printing and publications, telecommunications, and associated base operations. Funding requirements are summarized in the following table.

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Supply depots.....	279.7	300.5	320.2
Inventory control.....	423.4	443.3	515.5
Procurement operations.....	142.9	159.1	184.0
Depot maintenance.....	2,674.4	2,818.5	3,352.9
Modernization.....	419.7	479.5	428.4
Industrial and stock fund support.....	-400.0	-620.3	-32.3
Transportation.....	588.7	622.8	567.0
Miscellaneous logistic support activities.....	146.9	163.6	183.4
Industrial preparedness.....	13.9	9.3	11.5
Printing/publications activities.....	38.5	39.6	43.5
Test ranges.....	195.2	200.9	226.6
Commissary operations.....	172.3	178.2	188.0
Command.....	79.0	89.0	90.1
Environmental restoration.....	0	0	97.3
Disability and unemployment compensation.....	74.2	0	0
Telecommunications and command control.....	26.3	26.9	28.1
Base operations.....	544.3	473.7	493.6
Total ¹	5,419.3	5,384.6	6,700.8

¹ May not add due to rounding.

Adjustments to funding levels in fiscal year 1985 include price growth of \$510.4 million and program growth of \$805.7 million. The Depot Maintenance program growth of \$535 million is largely because the Air Force could not fully fund the DPEM program in fiscal year 1984 due to new requirements and competition for scarce resources. This created a large shortfall in fiscal year 1984 that carried over into fiscal year 1985. The Air Force did redirect funds in building this budget for the fiscal year 1985 program to offset most of the fiscal year 1984 shortfall; the Modernization decrease of \$52 million is due to completions of several modification programs in fiscal year 1984. The program growth of \$104 million in Supply Depots, Inventory Control and Procurement Operations supports the SECDEF ten point program to improve spare parts procurement. The Transportation figures reflect an \$18 million increase in deliveries of procurement items and a reduction of \$78 million in the Military Sealift rate; Miscellaneous Logistic Support Activities increased \$19 million to support software development and system design of various major ADPE systems; Test Ranges increased \$18 million, which supports instrumentation installation/modification and maintenance at the Western Test Range, loss of special interest launch reimbursements, USNS Redstone ship life extension program, and the new Environmental Restoration program for \$97.3 million, which provides for toxic/hazardous waste and debris removal at both currently and formerly owned Air Force installations.

TRAINING, MEDICAL AND OTHER GENERAL PERSONNEL ACTIVITIES

This program provides for training, medical care and other activities for personnel as individuals rather than as members of organizations. The O&M funds are used to provide individual training for military and civilian members of the active Air Force, Air Force Reserve, Air National Guard, Air Force Academy and AFROTC cadets. This program also includes recruiting activities, military personnel off-duty education programs, and civilian education and development programs. The medical portion provides essential medical capability to meet wartime and peacetime requirements; and provides health care for active duty personnel, and to retired personnel and other authorized recipients on a space available basis. The funding requirements are summarized in the following table.

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
Recruiting, advertising and examining.....	45.3	49.7	52.9
Recruit and specialized training.....	158.4	166.7	173.2
Officer acquisition.....	63.8	71.7	78.5
Flight training.....	324.6	302.3	282.4
Professional development education.....	41.9	44.3	53.2
Education and training—health.....	28.2	30.3	30.1
Other personnel activities.....	91.8	101.7	113.6
Training support activities.....	54.7	58.7	60.3
Base communications—training.....	18.8	19.3	20.0
Base operations—training.....	480.4	450.9	469.0
Hospital operations.....	635.3	662.4	731.1
Total ¹	1,943.3	1,957.9	2,064.3

¹ May not add due to rounding.

The increase in training and other general personnel funding requirements in fiscal year 1985 includes facility project funds for rehabilitation efforts at the Air Force Academy (\$+4.2M) and Real Property Maintenance monies to arrest the growth in the backlog at ATC (\$+6.4M); award of the application software contract for the Command Readiness Exercise System (CRES) to meet an IOC in academic year 1985/86 (\$+7.5M); funds to increase the Education Assistance Test Program (EATP) and Veterans' Educational Assistance Program (VEAP) as a result of increased eligibility and participation, and implementation of all four plans of EATP (\$+3.5M); an increase in TDY-to-School inputs (\$+2.1M); and an additional 500 ROTC scholarships raising the number available in fiscal year 1985 to 8,000

(\$+1.9M). These specific increases are in addition to other changes designed to increase the quantity and especially the quality of Air Force personnel as the demand for high-technology specialists grows. The increase in medical funding requirements in fiscal year 1985 includes reopening/expanding critical patient services; Uniformed Services treatment facilities; Initial Outfitting and replacement expense equipment, Medical Supplies to support increased beneficiary strengths; mobility bags for medical personnel for readiness; base operating support for additional square footage in medical treatment facilities and tri-service medical information system (TRIMIS) and other automated systems.

ADMINISTRATION AND ASSOCIATED ACTIVITIES

This program covers administrative support of departmental and major administrative headquarters, field commands and associated activities. This program also provides the Air Force and DOD agencies with essential photographic and video services. Resources are included for the Civil Air Patrol, Air Force Audit Agency, Air Force Service Information and News Center, Air Force Accounting and Finance Center, Aerospace Audiovisual Service, Air Force Inspection and Safety Center, and Air Force Manpower and Personnel Center. The following table summarizes the funding requirements:

(In millions of dollars)

	Fiscal year—		
	1983	1984	1985
Departmental HQ's.....	81.2	103.0	105.4
Service-wide support.....	236.9	341.8	368.9
Personnel activities.....	38.4	47.5	49.7
Other support activities.....	11.5	12.2	12.7
Telecommunications and command control.....	7.6	7.9	8.3
Base operations.....	19.4	20.1	21.3
Total ¹	395.0	532.5	566.3

¹ May not add due to rounding.

The increase in funding requirements in fiscal year 1985 include price growth (\$+13.9 million); ADP support (\$+12.1 million); Federal Employee Compensation Fund (\$+6.9 million), Productivity Investment Funds (\$+4.2 million), Centrally Funded PCS program (\$+3.3 million), and Civilian Personnel (\$+5.4 million); these are offset by decreases in ADP, Travel and Supplies of \$-12.0 million. The increase for centrally funded PCS moves is offset by decreases in other Major Force Programs. The increase for federal employee compensation is partially offset (\$4 million) by a decrease in major Force Program VII, Central Supply and Maintenance.

SUPPORT OF OTHER NATIONS

This program provides funding for support of Air Force personnel assigned to the North Atlantic Treaty Organization (NATO), Supreme Headquarters Allied Powers Europe (SHAPE), other joint military headquarters and agencies, NATO airborne early warning and control (AEW&C) activity, and management headquarters technology transfer functions. Funding requested is shown below:

Support to other nations

Fiscal year:	Millions
1983.....	7.1
1984.....	7.5
1985.....	8.0

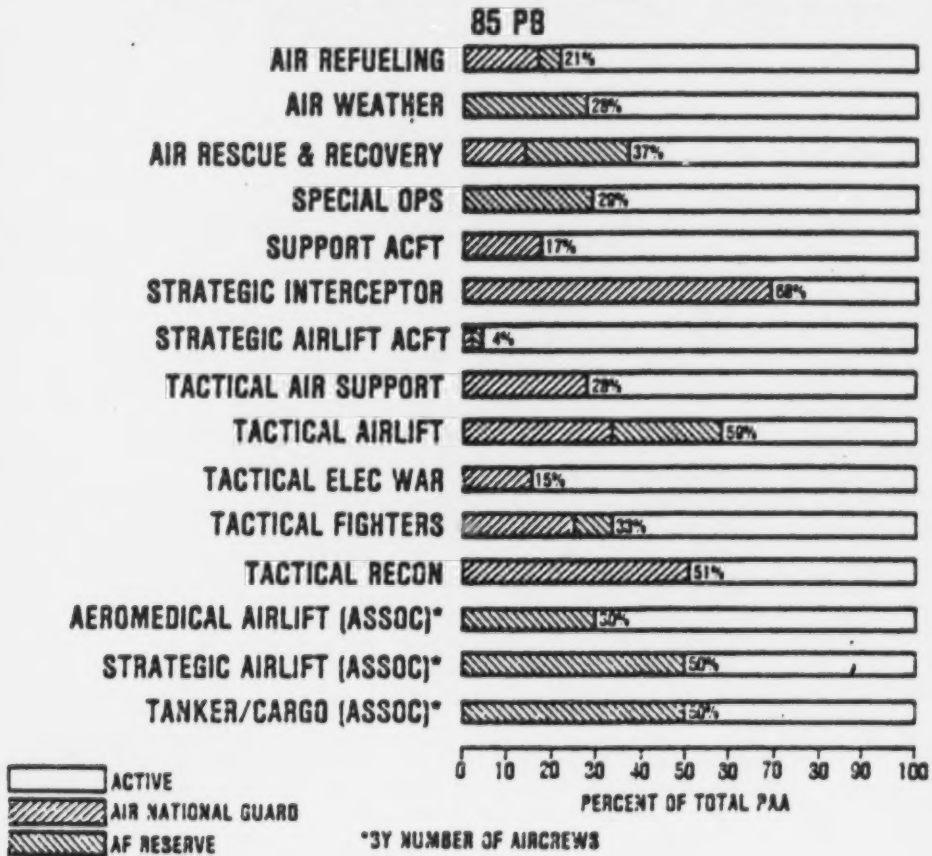
The fiscal year 1985 program represents the continuation of on-going programs, as adjusted for price growth.

AIR RESERVE FORCES

Pursuant to the total force policy, the Air Force has placed increasing reliance on the significant contribution of the Air Force Reserve and Air National Guard to attain its overall combat and support capabilities. As illustrated in the following

chart, the Air Reserve Forces make up over half of the Air Force's tactical reconnaissance, fighter interceptor and tactical airlift capability. Air Reserve associate units make up almost half of the Air Force's strategic airlift and tanker/cargo airlift capability. The contribution across-the-board is substantial.

ARF CONTRIBUTION TO THE TOTAL FORCE



OPERATION AND MAINTENANCE, AIR FORCE RESERVE

The mission of the Air Force Reserve is to develop and maintain operationally ready combat units, mission support units and individuals that are available for active duty in time of war, national emergency, or other threats to our national security. To accomplish this mission, the Air Force Reserve conducts a comprehensive program of recruitment, training, and operations. The force structure consists of 36 equipped flying units, 18 non-equipped associate units flying C-141, C-9 and C-5 aircraft assigned to the Military Airlift Command, two non-equipped KC-10A associate tanker units assigned to the Strategic Air Command, and 163 mission support units.

Operation and Maintenance funding provides for the day-to-day operating expenses of Reserve bases and units, including pay of civilian personnel, aviation and ground fuels, depot maintenance, supplies, and other expenses required to carry out the Reserve mission.

The following table shows O&M, Air Force Reserve funding for fiscal year 1983-85:

[In millions of dollars]

Budget activity	Fiscal year—		
	1983	1984	1985
Mission forces.....	530.8	518.8	580.0
Depot maintenance.....	105.3	131.1	153.2
Other support.....	125.8	140.8	150.2
Total.....	761.9	790.7	883.4

The increase in funding requirements in fiscal year 1985 includes price growth of \$26.9 million. Program increases are the result of a full year's operation of aircraft conversions that occurred in fiscal year 1984 plus additional mission changes in fiscal year 1985. Mission changes to enhance readiness and wartime capability occur in C-141 Strategic Airlift units (\$+11.3 million); KC-10 Tanker Cargo (\$+7.5 million); C-5 Strategic Airlift (\$+6.8 million); F-16 Tactical Fighters (\$+6.6 million); A-10 Tactical Fighters (\$+4.1 million); C-130 Tactical Airlift (\$+2.4 million); Civil Engineer, Aerial Port, Aeromedical Evacuation and Medical Service Units (\$+2.3 million); and F-4 Tactical Fighters (\$+1.1 million). Depot Maintenance program growth (\$+23.0 million) is related to the addition of more modern, sophisticated aircraft to the Air Force Reserve inventory and increased structural repairs on the aging C-130 and F-4 fleets. Increased Base Operating Support and Real Property Maintenance requirements support the more modern aircraft inventory and the continued strength build in the Air Force Reserve (\$+6.3 million). These increases have been partially offset by decreases in units affected by conversions in previous years (\$-5.5 million). The following table shows manpower data for fiscal year 1983, fiscal year 1984 and fiscal year 1985:

END STRENGTH

	Fiscal year—		
	1983	1984	1985
Military.....	67,227	69,880	74,829
Civilian.....	12,280	12,559	12,829

The major changes between fiscal year 1984 and fiscal year 1985 are primarily the result of the increased force structure (F-16, KC-10, C-5), readiness (aerial ports, civil engineering, medical), and increased funding for individual mobilization augmentees.

AIR FORCE RESERVE FLYING UNITS

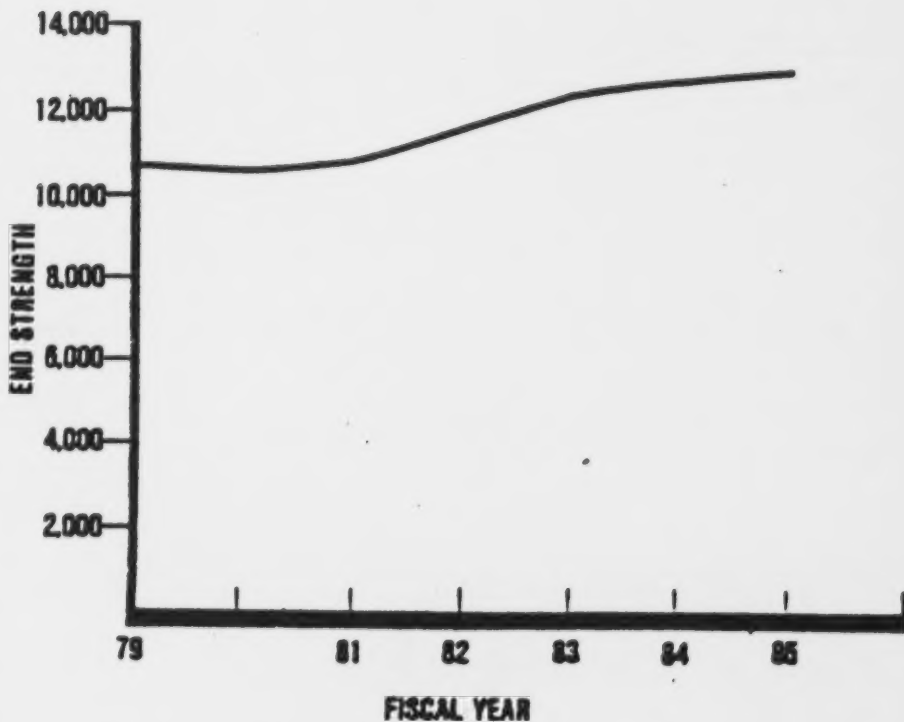
	Fiscal year—		
	1983	1984	1985
Flying squadrons:			
KC-135.....	3	3	3
C-130.....	14	15	15
C-123.....			
C-7.....	1		
WC-130.....	1	1	1
HH-1/UH-1.....	1	1	1
HC-130.....	1	1	1
HH-3/HC-130.....	2	2	1
CH-3.....	1	1	1
AC-130.....	1	1	1
F-105.....	1		
F-4.....	5	5	5
F-16.....		1	1
A-10.....	5	5	5

AIR FORCE RESERVE FLYING UNITS—Continued

	Fiscal year—		
	1983	1984	1985
C-5.....			1
Associate squadrons:			
C-141.....	13	13	13
C-5.....	4	4	4
C-9.....	1	1	1
KC-10.....	2	2	2
Total.....	56	56	56

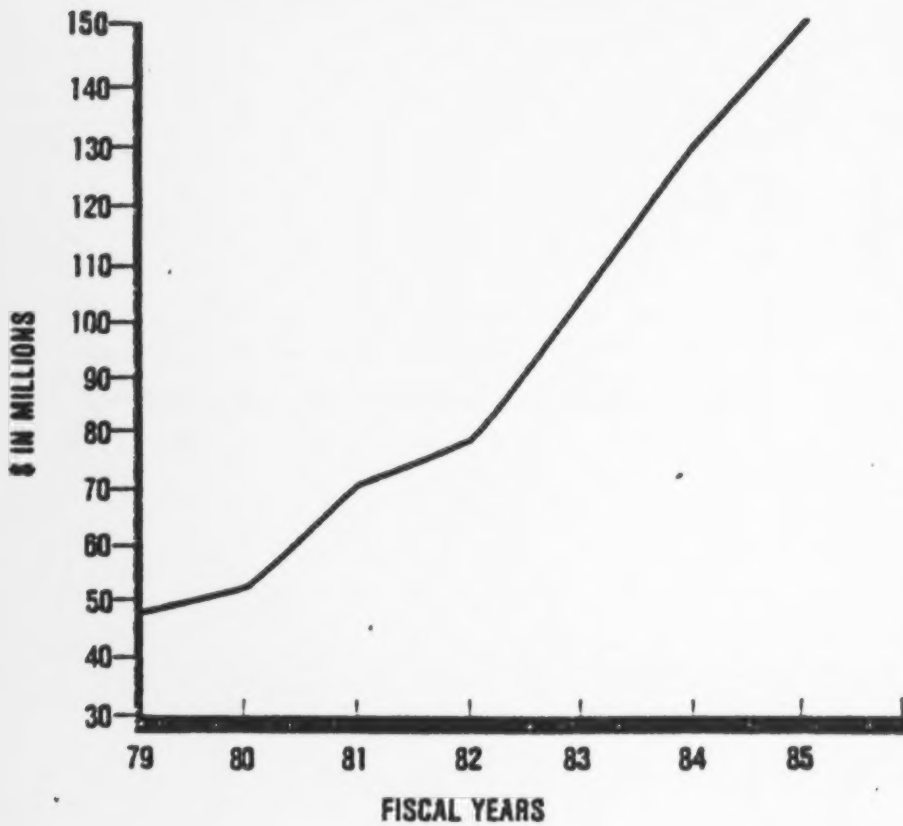
The following chart shows that the Air Force Reserve civilian end strength has grown slightly over the past 7 years.

CIVILIAN MANPOWER O&M, AIR FORCE RESERVE



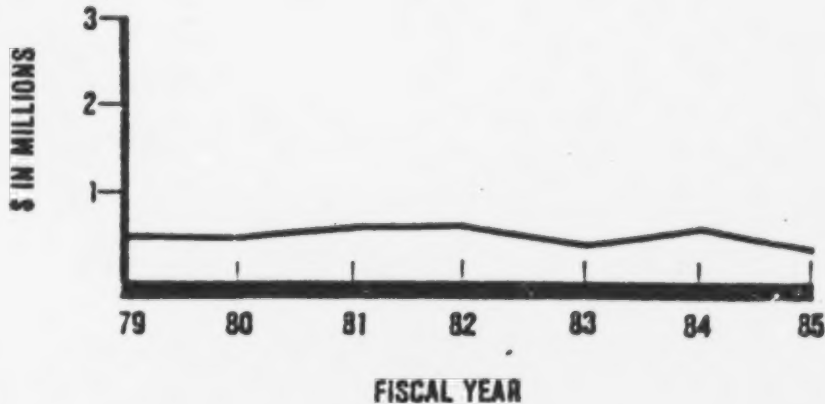
Depot maintenance costs have grown steadily since fiscal year 1979 because of inflation, the increasing number and sophistication of aircraft, and the increasing average aircraft age.

DEPOT MAINTENANCE COSTS O&M, AIR FORCE RESERVE



The backlog of facility repair and maintenance has been reduced since fiscal year 1979, as shown in the following chart.

FACILITY MAINTENANCE & REPAIR BACKLOG O&M, AIR FORCE RESERVE



OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

The Air National Guard (ANG) is programmed to have 91 flying units and 248 support units in fiscal year 1985. The ANG will continue its modernization efforts in most major mission areas. One Tactical Air Support unit will convert from O-2As to C-19s (B-747) and assume a strategic airlift mission. This unit will also be the backup carrier for the Space Shuttle. One Tactical Fighter unit (F-4C) will expand from 18 to 24 primary aircraft authorized, and two F-4C/D training units will expand from 12 to 18 and 44 to 50 primary aircraft authorized respectively. In the Tactical Reconnaissance mission area, three RF-4C units will robust from 18 to 24 primary aircraft authorized. Finally, two Tactical Airlift units will change series from the C-130A/Ds to C-130Hs and one Air Refueling unit will change from KC-135As to KC-135Es.

Operation and Maintenance (O&M) funding provides for the day-to-day operating expenses of ANG units, including pay of civilians, aviation and ground fuel, depot maintenance of assigned aircraft, supplies, and other expenses.

The following table shows the O&M, Air National Guard funding data for fiscal years 1983-85.

[In millions of dollars]

Budget activity	Fiscal year—		
	1983	1984	1985
Mission forces.....	1,370.9	1,291.0	1,392.7
Depot maintenance.....	343.8	402.7	345.6
Other support.....	100.6	112.9	123.8
Total.....	1,815.3	1,806.6	1,862.1

The Mission Forces budget activity funds all costs for the operation of the ANG flying and mission support operations. There is a positive price growth of \$57.7 million and \$44.0 million in positive program growth.

Depot Maintenance consists of ANG reimbursement to AFLC for depot maintenance on aircraft and other equipment. There is a negative price growth of \$-.9

million and a negative program growth of \$-56.2 million. This apparent negative program growth does not reflect an actual reduction in requirements, but rather the fact that the one-time JT-3D reengining costs must be taken out of the fiscal year 1984 baseline. When this is taken into account, there is some program growth.

The other Support budget activity provides funds for costs associated with operating the ANG support aircraft, operating costs of the National Guard Bureau's Air Directorate, real property maintenance funds, and base operating support funds for the eight bases for which the ANG is host or single manager (e.g., Buckley, Ellington, Forbes, Otis, Portland, Rickenbacker, Selfridge and Duluth). Price growth for this account is \$4.0 million with a negative program growth of \$6.9 million.

Major program changes which occur in O&M, ANG between fiscal year 1984 and fiscal year 1985 are:

- (a) A slight increase in workyears.
- (b) Increased flying hours.
- (c) A modest increase in supply accounts to finance the conversion and PAA additions.
- (d) Large decrease in depot maintenance related to fiscal year 1984 JT-3D reengining program.
- (e) Introduction of strategic airlift program for Stewart, NY.

The following table shows manpower data for fiscal year 1983-1985.

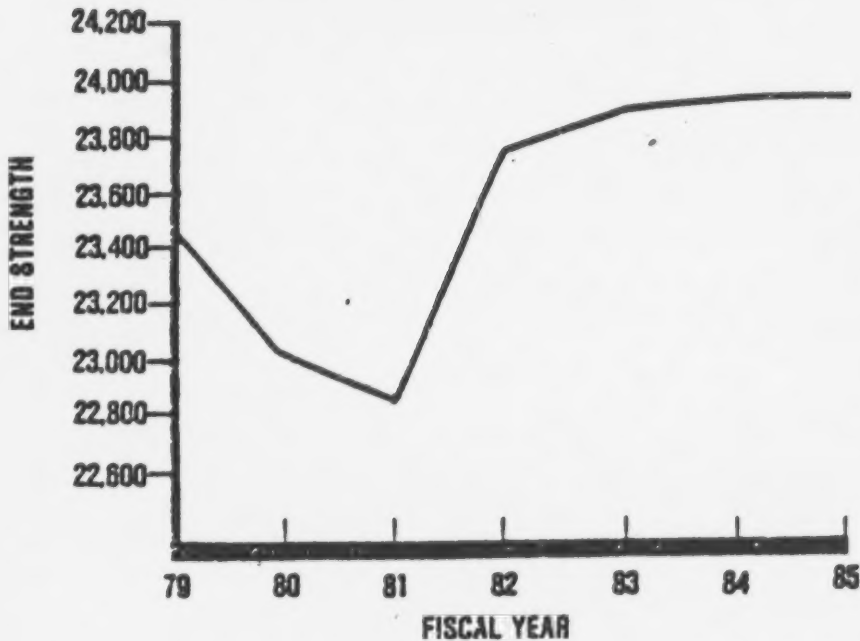
END STRENGTH

	Fiscal year—		
	1983	1984	1985
Military.....	102,170	104,104	107,890
Civilian.....	23,873	23,892	23,893

The increase in military end strength between fiscal year 1983 and fiscal year 1985 is driven principally by increases in F-4 aircraft, readiness (aerial port, aero-medical evacuation, explosive safety, air base ground defense, maintenance) and Red Horse.

The fluctuation in ANG civilian end strength from fiscal year 1979 to fiscal year 1985 shown in the next chart is due to increased manning requirements caused by increases in ANG missions and equipment.

CIVILIAN PERSONNEL O&M, NATIONAL GUARD

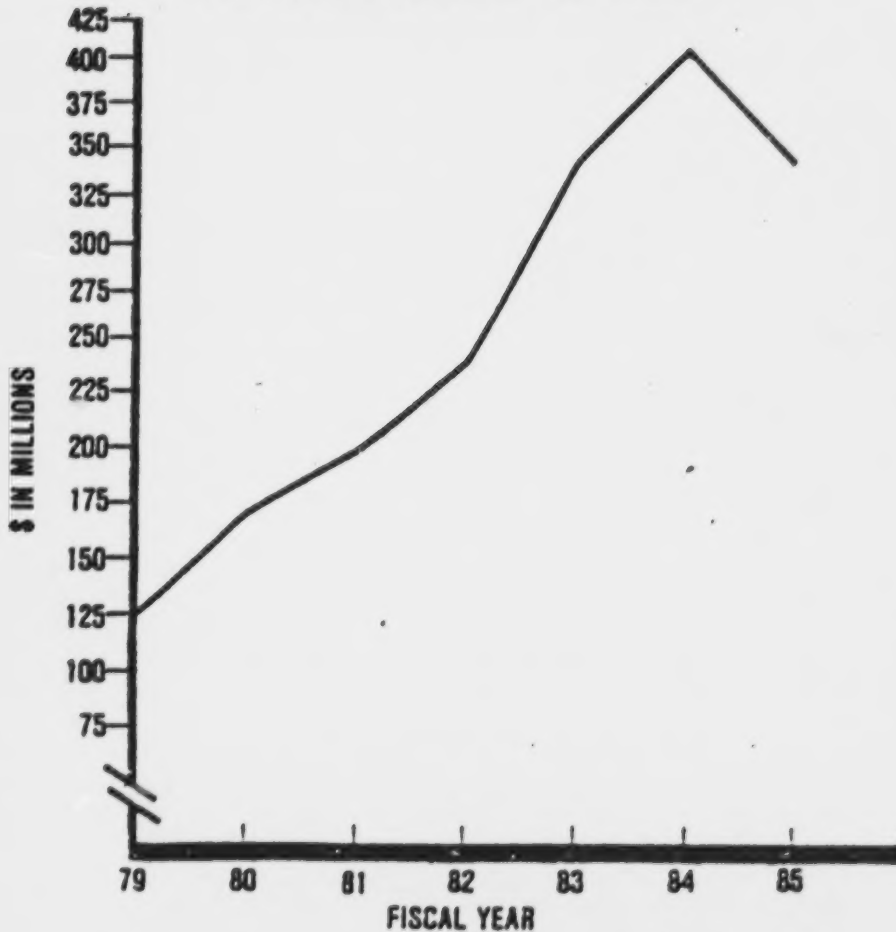


AIR NATIONAL GUARD FLYING UNITS

MDS	Fiscal year—		
	1983	1984	1985
A-7.....	13	13	13
A-7 (RTU).....	1	1	1
A-10.....	5	5	5
C-130.....	19	19	19
EC-130.....	1	1	1
F-4 (TAC).....	14	14	14
F-4 (ADTAC).....	6	8	8
F-16.....	1	1	1
F-106.....	5	4	4
HC-130.....	2	2	2
KC-135.....	13	13	13
O-2.....	1		
C-19.....			1
OA-37.....	3	3	3
RF-4.....	7	7	6
Total.....	91	91	91

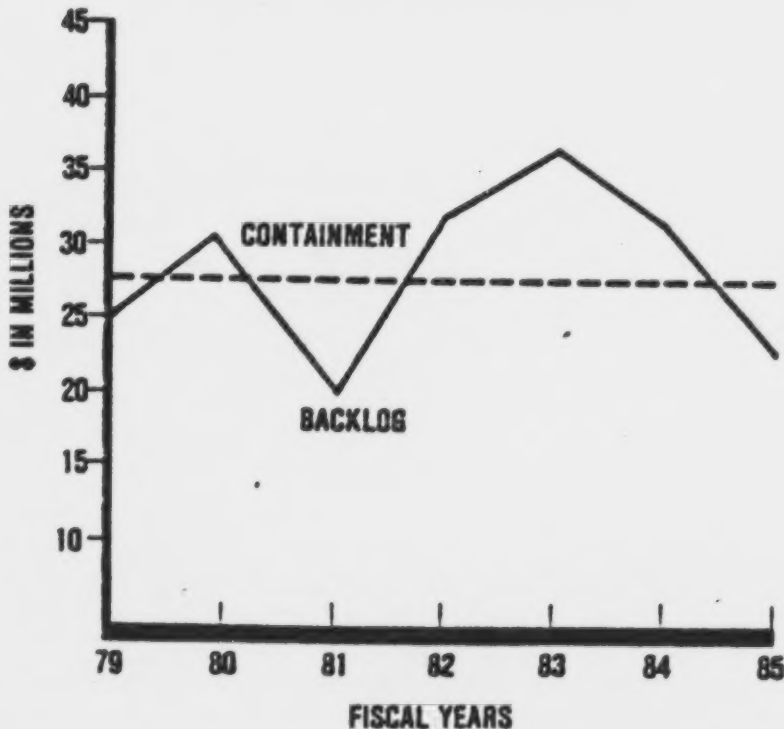
Depot maintenance costs have increased for the Air National Guard due to inflation and increasing sophistication/complexity of ANG aircraft. Growth since fiscal year 1979 is shown on the following chart:

DEPOT MAINTENANCE COSTS O&M, AIR NATIONAL GUARD



The following chart shows the backlog of facility repair and maintenance since fiscal year 1979. The congressional "containment" goal is \$28.3 million. The ANG goal is \$22 million which represents an acceptable backlog level of 6 months' effort. The decrease in the backlog from fiscal year 1983 is due to prior adequate funding that has allowed the ANG to complete more repairs.

FACILITY MAINTENANCE & REPAIR BACKLOG O&M, AIR NATIONAL GUARD



CONCLUSION

This concludes my overview of the fiscal year 1985 Air force O&M budget request. In summary, the fiscal year 1985 O&M budget requests are carefully developed, austere estimates of the resources needed to support a balanced program of aircraft, flying hours, manpower levels, and base structure, thereby operating and maintaining a modern, well-trained and combat-ready force.

Thank you for your interest and support.

Senator HUMPHREY. General Gill?

STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF THE AIR FORCE RESERVE, USAF

General GILL. Yes, sir, it is a great pleasure to be here, Mr. Chairman, to testify with General Chain and General Marquez today. I have given a short statement for this record.

I would just like to say that the Air Force Reserve, I believe, this year is more ready than they have ever been. For the sixth year in a row we have gone through our floor in recruiting and manning our force. Our retention is better than it has ever been.

We have within the last 4 years done 100 percent conversion on our fighter force. We have a few problems with aging C-130A's, and we require some modification for the F-4D, if we are to keep it

in the inventory, that we would like to see, but other than that I think the Air Force Reserve is in good shape.

And I will complete with that and stand by for questions.

[The prepared statement of General Gill follows:]

PREPARED STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE,
HQ USAF

Mr. Chairman and members of the committee, thank you for the opportunity to appear before this committee to discuss Air Force Reserve Readiness.

It is with great pleasure that I report that the Air Force Reserve attained an end strength of 67,227 in fiscal year 1983, exceeding its programmed end strength of 66,600. All of our units are well-manned and well-trained. All Reserve units can be mobilized in 24 hours and deployed within 72 hours. The keys to Reserve effectiveness have been, and continue to be, modern equipment, meaningful missions, our technician and Reserve personnel and the strong support of the active force. Overall, I believe the Air Force Reserve is stronger than it has ever been.

As of January 1984, all of our equipped flying units were combat ready with the exception of 3 units converting to newer aircraft. These units are: C-130E unit converting from C-7As (Maxwell AFB); F-4D unit converting from F-4Cs (Homestead AFB); and F-16 unit converting from F-105s (Hill AFB).

All six of our associate strategic airlift wings were combat ready, as were our two SAC Associate KC-10 units. Additionally, each of the three KC-135 tanker squadrons remains in combat ready status and has crews standing daily alert.

The Air Force Reserve will continue to pursue modernization of its airlift and fighter forces in fiscal year 1985. This year we will establish our first equipped strategic airlift unit by converting our C-130B wing at Kelly AFB, Texas to C-5As. Placing C-5s, in the Air Force Reserve will reduce their peacetime flying cost and extend their service life as we will fly them less than the active force would. We will provide 100 percent of the aircrews and maintenance personnel for these aircraft while continuing to supply 50 percent of the aircrews and 40 percent of the maintenance personnel for the C-141s and C-5s in the associate fleet. We are extremely pleased with the addition of the F-16 to replace the F-105s at Hill AFB, Utah and conversion of all of our F-4 units to the more capable D model. Though some inroads have been made in fighter modernization, our continue modernization depends on the procurement rates of new aircraft. Even at the programmed procurement level the Air Force Reserve is only programmed for two of approximately eighteen conversions for the Air Reserve Forces through fiscal year 1989. Delayed modernization will dictate that our F-4D aircraft remain in the inventory much longer than desired. In this light, we are pursuing several desired modifications that are urgently needed to make this aircraft viable against the threat of the late 80s. The addition of the C-5 and F-16 to the Air Force Reserve's inventory and the phaseout of C-7s, F-4Cs, and F-105s by the end of the fiscal year are important milestones in ensuring the reserve forces have first-line equipment. On the airlift side, our program still does not fully address a replacement for the C-130A aircraft.

This problem is the same as it was last year except that now our C-130As are one year older. By the end of this fiscal year, the C-130A fleet will average 27 years of age and is still not scheduled for replacement until the 1990s. The current plan calls for the C-17 to replace active force C-141s and C-130s which in turn will be used to replace the older C-130As in the Reserve and Guard. This is a workable plan, but is obviously contingent upon the Air Force procuring the C-17 in a timely manner. If the program is delayed, we will find ourselves with over 20 percent of the tactical airlift force aircraft exceeding 34 years of age, and no replacement aircraft available. To preclude this from happening, I urge the Congress to fully support the C-17 program to eliminate our existing aircraft shortfalls and provide replacements for our A model C-130s.

An important basis for our high level of readiness has been the Military Technician program. Military Technicians (MTs), also referred to as Air Reserve Technicians (ARTs), perform a unique role in our total military force. They are full-time employees of the Air Force Reserve and are employed to provide day-to-day management and training support of Selected Reserve units. As a condition of employment, MTs are required to meet both civil service and military hiring criteria and must maintain active Reserve status in the Selected Reserve. This dual aspect of civil service employee and active status Reservist is designed to attract and retain highly qualified individuals to the military technician program; to improve the mobilization readiness of Selected Reserve units by insuring continuity of service prior to,

during, and after mobilization; and to guarantee the presence of these employees during an emergency. Because of the present mandatory separation and discharge provisions of sections 8848 and 8851, Title 10 USC, there are instances in which senior Reserve MTs are required to terminate their active status in the Reserve, even though they have not yet qualified for civil service retirement. Even though these persons are eligible for continued civil service employment, they are not eligible to be employed as Reserve technicians because they cannot meet the employment condition of active status in the Reserve. This condition presents a serious detriment to the Reserve program in that MTs who are separated from their military assignments, or who cease to hold the military grade specified for the position, must be continued indefinitely in the civil service position as "status quo". Those affected are not eligible to mobilize with their unit of assignment, yet they continue to encumber the full-time administration/training position.

In a conscientious effort to remedy the Air Force Reserve "status quo" problem, two actions involving proposed changes to legislation found in Title 5 and Title 10 USC have been initiated. Proposed changes to sections 8335 and 8336, Title 5 USC, will permit the separation of "status quo" technicians as soon as they become eligible for an immediate retirement annuity. To assure MTs who lose their military status prior to attaining minimum age and service requirements for an immediate civil service annuity are maintained as military mobilization assets, a counterpart legislative proposal to sections 8848 and 8851, title 10 USC, was necessary. The proposed amendment to title 10 will allow the Service Secretary to extend Reserve officer MTs to age 60, if necessary, in order that they remain as active military members until they achieve civil service retirement eligibility. The proposed amendments to existing legislation in both title 5 and title 10 will provide a combat ready technician force and at the same time offer fair and equitable treatment to the technician regarding tenure in his/her civil service capacity.

As Reservists train, they support requirements that would otherwise have to be fulfilled by active force resources. For example, in fiscal year 1983, Reserve crews of equipped units airlifted 5,213 tons of cargo, flew 79,458 passengers and air dropped nearly 29,000 troops as part of their normal training missions. Additionally, Air Force Reserve associate C-141 and C-5 units flew more than 67,000 hours, and our associate aeromedical evacuation units flew 1,798 missions, airlifting 54,291 patients. We also share rotational duty in Panama with the Air National Guard in support of United States Southern Command with six C-130 aircraft and seven crews six months each year.

Reserve crews and support units routinely participate in JCS and MAJCOM field training exercises and deployments. During 1983, our units demonstrated their high state of readiness while participating in three major command sponsored operational competitions. Reserve C-141 associate units won the top three maintenance team awards in MAC's Volant Rodeo. In the SAC Bombing and Navigation competition, our KC-10 associate units placed first and second in the best aircrew competition and our KC-135 wing won the navigation trophy. In the TAC Gunsmoke competition, one of our A-10 fighter units placed second in the maintenance team competition and another placed second in the weapons loading competition. I am also proud to mention that Air Force Reserve C-141 and KC-10 Associate crews were among the first to fly missions in support of U.S. military operations in Grenada while our C-130s took over CONUS missions to free active force C-130s for Grenada duty. The performance of these missions exemplifies the Total Force team in action.

Our Special Operations and Rescue Reservists continue to provide outstanding rescue support for launch and recovery of the Space Shuttle mission at Cape Canaveral, Florida. For the eighth consecutive year, our weather reconnaissance group flying out of Keesler AFB, Mississippi, accomplished more than 70 percent of all hurricane missions in the Gulf of Mexico, the Atlantic and the Caribbean; last year we tracked eight hurricanes/storms. Additionally, the unit assisted the Guam based active weather unit in tracking three separate storms in the Hawaiian Island area.

In fiscal year 1983, Air Force Reserve rescue and recovery units flew 82 search and rescue missions and 14 Military Assistance for Safety and Traffic (MAST) missions, and were officially credited with saving 40 lives. During this period, the Civil Air Patrol (CAP) flew 1,547 search and rescue missions accounting for 115 lives saved. The Air Force Reserve continued to provide valuable assistance and advice for CAP activities such as cadet encampments, aerospace education workshops, and a wide variety of other special activities, such as disaster exercises.

To expand communications security capabilities both in peacetime and wartime, two Air Force Reserve Electronic Security Squadrons have been formed. One squadron is located at Brooks AFB, Texas, and the other at Offutt AFB, Nebraska. These

units provide surveillance support in communications monitoring, analysis, reporting and survey.

A Reserve Basic Military Training Squadron was established in 1983. This unit at Lackland AFB, Texas provides military training instructors to support the basic training surge during mobilization. The 46th Tactical Fighter Training School (TFTS) was formed last year and performs pilot upgrade training in A-10 aircraft at Barksdale AFB, Louisiana, for the Air Force Reserve, Air National Guard, and active force personnel.

Only through our people's dedication to the role of citizen-airman and the support they receive from their families, their communities and the active Air Force can we accomplish our primary mission of training for mobilization. Our Reservists' talent, personal sacrifice and dedication to mission accomplishment were again proven during the many exercises and deployments such as Cold Fire 83 and Reforger 83. Air Force Reserve participation in the evacuation of wounded Marines after the bombing in Beirut and the airlift missions flown in support of Grenada, exemplify the ability of non-mobilized Reservists to support contingency operations. Additionally in 1983, Reserve airlift units on training flights, successfully assisted the U.S. Coast Guard with drug enforcement activities, which resulted in the seizure of two vessels and 57 tons of marijuana.

In the area of combat support and mission support activities, there are nearly 400 Air Force Reserve support units. Many of these units, as part of their training activities, provide considerable peacetime accomplishments which assist in keeping the peacetime expenditure of the Total Force to a minimum. The Air Force Reserve provides 100 percent of the Air Forces' Medical Service Squadrons, 64 percent of the aeromedical evacuation units and 25 percent of the Air Forces' Tactical Hospitals and Clinics. Currently, Reservists contribute almost 60 percent of the aircraft battle damage repair capability with personnel in six Air Force Logistics Command gained Combat Logistics Support Squadrons. Also, the Air Force Reserve provides approximately 20 percent of the Air Force civil engineering force and equipment and 50 percent of the Aerial Port Squadrons. The majority of our programmed build from fiscal year 1984 to fiscal year 1985 is in the Civil Engineering force followed by Medical Service Squadrons.

In addition to our unit program, the Air Force has a successful program to provide trained Individual Mobilization Augmentees (IMAs) to active force units upon mobilization. IMA requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force. IMAs are members of the Selected Reserve and are assigned to specific positions established in active force organizations and are trained and supervised by the active force.

Reservist assigned to IMA positions are fully qualified in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research engineering, maintenance and intelligence are able to assist with the day-to-day mission of their organizations while they are on inactive duty and active duty training periods. For example, some of the physicians performing physical examinations or prescribing medication on a typical Air Force base are IMAs performing their monthly or annual training. As another example, IMAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into selected countries. These summaries cover data on geography, population, weather, military capability, and lines of communication. In addition, intelligence IMAs support Airborne Warning and Control System by analyzing electronic counter-measure systems against the E-3A Sentry aircraft.

We already have attained our fiscal year 1984 programmed strength of 11,232 IMAs in Pay Groups A, B and D. Category A Reservists are authorized 48 inactive duty training periods per year plus a 15-day active duty tour. Category B Reservists are authorized 24 inactive duty training periods per year, plus a 12-14 day active duty tour while Category D Reservists are authorized a 14-day active duty tour. For fiscal year 1985, we are requesting a strength of 11,973. The total Air Force requirement for approximately 20,348 wartime IMA positions is indicative of the importance attached to this program. For the past few years, we have been working toward increasing manning of these positions consistent with our ability to fund the program. This year we are placing added emphasis on recruiting IMAs, including the use of bonuses in selected enlisted skills.

Concerning overall manning, I mentioned earlier the very favorable manning posture the Air Force Reserve has achieved and maintained. We started fiscal year 1983 with 64,443 people and ended the year with an on-board strength of 67,227, a net increase of 2,784 people. We increased the quality of our force as evidenced by the fact that 97 percent of all non-prior service enlistments were high school graduates or equivalent. This was a 7 percent increase over fiscal year 1980. Our unit com-

manders and supervisors at all levels have taken an active recruiting role. With their enthusiasm and hard work, combined with the excellent performance of our recruiting force, and a continued command emphasis on retention, we fully expect to meet our fiscal year 1984 programmed end strengths.

As in the past years, the recruitment and retention of qualified personnel in critical skill areas continues to be difficult. It is in these areas that we will continue to concentrate our incentive program to better recognize the economic realities of recruiting and retaining highly skilled personnel. The programs authorized by Congress for this purpose will allow the USAFR to improve operational efficiency and have a meaningful effect on recruiting and retention. With these resources, we will be able to attract prior service people who have already received extensive training and experience in the critical skills we require.

Before closing, I want to express my appreciation for the interest shown by this committee in the availability of readiness equipment for our Reserve forces. Because of a special congressional allocation of two million dollars in fiscal year 1983, the overall rate for Chemical Warfare Defense Equipment (CWDE) bags, with the exception of aircrew protective headgear, is projected to be above 90% in 1984. Equally important to our Reserve men and women is the message it conveys of the support of Congress for their dedication and efforts.

In summary, while the war-fighting and readiness role of the Air Force Reserve continues to be an important element within the Total Force, we will continue to modernize our equipment, refine and improve our mobilization procedures, and recruit, train and retain the people needed to assure we are able and ready to fight at any time.

This concludes my statement, Mr. Chairman. I will be glad to respond to questions.

TABLE I.—DEPARTMENT OF THE AIR FORCE, AIR FORCE RESERVE PERSONNEL

	Fiscal year 1983 (actual)		Fiscal year 1984		Fiscal year 1985		Fiscal year 1986	
	End	Average	End	Average	End	Average	End	Average
Flying units.....	33,492	32,884	34,123	33,728	36,160	35,062	36,785	36,527
Mission support units.....	20,408	19,440	22,011	21,471	24,096	23,655	27,196	26,453
Individuals.....	11,113	10,504	11,232	11,052	11,973	11,738	12,693	12,358
Statutory tours.....	184	176	216	206	289	289	295	295
Recruiters.....	281	282	301	301	314	314	328	325
Nonprior service enlisted program.....	1,505	1,202	1,625	1,470	1,625	1,470	1,625	1,470
Nonprior service enlisted personnel awaiting training with pay.....	244	317	372	372	372	372	372	372
Total selected Reserve.....	67,227	64,805	69,880	68,600	74,829	72,900	79,294	77,800

TABLE II.—DEPARTMENT OF THE AIR FORCE, AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS

	End of fiscal year—		
	1983	1984	1985
Equipped units:			
C-5 strategic airlift.....	0	0	1
C-130 tactical airlift.....	14	15	15
C-7 tactical airlift.....	1	0	0
Aerospace rescue and recovery.....	4	4	3
WC-130 air weather service.....	1	1	1
CH-3E special operations force.....	1	1	1
AC-130 special operations force.....	1	1	1
KC-135 strategic refueling tanker.....	3	3	3
F-4 tactical fighter.....	5	5	5
F-16 tactical fighter.....	0	1	1
F-105 tactical fighter.....	1	0	0
A-10 tactical fighter.....	5	5	5
Total equipped units.....	36	36	36

TABLE II.—DEPARTMENT OF THE AIR FORCE, AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS—Continued

	End of fiscal year—		
	1983	1984	1985
Associate units:			
C-141 strategic airlift	13	13	13
C-5 strategic airlift	4	4	4
C-9 aeromedical evacuation	1	1	1
KC-10A tanker cargo	2	2	2
Total associate units	20	20	20
Total units	56	56	56

TABLE III.—DEPARTMENT OF THE AIR FORCE, AIR FORCE RESERVE FORCE STRUCTURE, MISSION-SUPPORT UNITS

	End of fiscal year—		
	1983	1984	1985
Combat logistics support squadrons	6	6	6
Aeromedical evacuation squadrons/flights	21	21	21
Medical service units	16	17	18
Aerial port squadrons	57	62	66
Civil engineering squadrons/flights	37	42	45
Civil engineering squadron (heavy repair)	1	1	1
Communications security squadrons	1	2	2
Basic military training squadron	1	1	-
Numbered Air Forces (Reserve)	3	3	3
Total	143	155	163

Senator HUMPHREY. Thank you.
General Conaway?

STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, USAF

General CONAWAY. Thank you, Mr. Chairman and members of the committee. I, too, have submitted a statement for the Air National Guard and just briefly I would like to report that the Air National Guard readiness and sustainability is the highest that it has been in our history.

We are more combat ready than we have ever been, thanks to the great partnership we have with our total Air Force. We are participating in more red flag exercises, maple flag exercises, blue flags, overseas deployments, and rotations. The Air Force has us side-by-side with them.

In all parts of the world where they are operating the Air National Guard is asked to participate as well. In fact, as an example, in early May I will be going to Europe to visit four major flying units from the Air National Guard deployed to Europe for NATO exercises and overseas training, which is the highest readiness training we can do.

We will have two fighter units in Germany at their colocated operating bases, COB. We will have one in Italy and one in Spain participating in exercises and I will see all four of those. All of our units are available for 24-hour callup and are ready for 72-hour deployment.

Today 98 percent of our units are combat ready. Our strength, like the Air Force Reserve, has increased for 5 straight years where today we stand at 102,000 personnel, programmed to go to 104,000 people by the end of this fiscal year and to 108,000 people with the 1985 budget.

This is all programmatic, based on increased missions and increased capability that the Air Force is programming into the Air National Guard. And we have accepted this even though it will be a challenge to us. The incentive programs have been a big help in our critical skills and we continue to need those incentives.

I might add as my next-to-last statement that the modernization/conversion package announced by the Air Force on February 1 of this year was probably the best in the history of the Air National Guard. We will receive our second F-16 unit and our first F-15 unit. Two more C-130 units will convert to new C-130H's, plus three of our reconnaissance units are increasing from 18 RF-4's to 24 RF-4's, which is a very cost-effective move on the part of the Air Force.

Instead of going out and building a brandnew RF-4 unit at a new location, we are robusting those three existing units to 24 PAA at a savings of several million dollars in the Air Force budget.

And also, as you are aware, five more of our KC-135 units are converting to the KC-135 with the engine, later JT-3D, which provides a great increase in combat capability. That will take us, with what your committee and Congress has approved, to 96 of our 104 tankers being converted to the KC-135E.

Also, the Air Force has put a couple of red horse units, heavy construction equipment/civil engineering units, into the Air National Guard. So you can see the Air Force is working very closely with us and has confidence in the Guard and Reserve as well.

We are probably parochial, but we think the Air Force is better than any of the other components as far as making us an integral part of the first team in a truly contingency backup force.

We, too, like the Air Force and Air Force Reserve, thanks to the increased flying hours, have experienced in the last 3 years the three lowest accident rates in the Air National Guard history. That is thanks to the increased training and close working relationship with the Air Force and the funding of this committee.

Sir, that completes my report on the Air National Guard.

[The prepared statement of General Conaway follows:]

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, USAF

INTRODUCTION

The Air Guard is at its highest readiness level in history and has attained a new high in manning with over 102,000 men and women deeply committed to performance of both a State and Federal mission.

The State mission of the Air National Guard is to provide organized, trained, and equipped units to respond to orders of State authorities, to protect life and property,

and preserve peace, order, and public safety. During 1983, the Air National Guard was called up 51 times involving 2,263 workdays to provide assistance to civil authorities in various emergency and support operations. This represents a 34% increase in workdays over the previous year. Of these call-ups, 34 were in support of the National Search and Rescue Service and involved 394 workdays. The remaining 17 call-ups were in support of civil authorities and involved 1,869 workdays. These missions were conducted in support of search and rescue, medical evacuations, security, snow/ice storms, floods, power outages, forest fires, and earthquakes.

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in time of crisis. Our units also perform designated Air Force missions during peacetime, primarily as a by-product of training.

The Air Guard is manned and ready to carry out this dual mission. It is our belief that strength through readiness is the key to success.

The readiness of our flying units continues to remain high despite increased taskings and conversions to new and more complex weapon systems. Military manning was 102,170 at the end of fiscal year 1983 and is projected to approximate 104,100 by the end of fiscal year 1984 and 107,900 by the end of fiscal year 1985. The Air Guard flies more than 1,600 aircraft in a variety of demanding missions ranging from Air Defense and Tactical Fighter and Airlift to Strategic Air Refueling and Rescue and Recovery. We participate as full partners with the active Air Force and Air Force Reserve in carrying out these missions assigned by our civilian leadership.

In summary, the Air Guard is proud of its combat readiness, manning accomplishments, humanitarian assistance, and significant role in today's total Air Force.

FLYING UNITS

Force structure

Air National Guard flying units are organized into 24 wings, 67 groups, and 91 flying squadrons. The continued strong support of the active Air Force is permitting us to replace older, less capable aircraft with more modern and sophisticated weapon systems.

Modernization of ANG units has continued at a modest pace as evidenced in the fiscal year 1985 Public Announcements of force changes. Our first F-16 unit is combat ready and we have announced the first F-15 conversion for the Air Guard in fiscal year 1986. Future programs continue these modernization efforts. However, I must emphasize two considerations when you review our modernization efforts. Future conversions are programmed conversions which depend on programmed procurement rates. Modernization of the Air Force in general and the Air National Guard in particular depends heavily on your support of these procurement rates.

In fiscal year 1985, the ANG will continue its modernization efforts in most major mission areas. One Tactical Air Support unit will convert from 0.2As to C-19s and assume a strategic airlift mission. This unit will also be the backup carrier for the Space Shuttle. One Tactical Fighter unit (F-4C) will expand from 18 to 24 primary aircraft authorized, and two F-4C/D training units will expand from 12 to 18 and 44 to 50 primary aircraft authorized respectively. In the Tactical Reconnaissance mission area, three RF4C units will robust from 18 to 24 primary aircraft authorized. Finally, two Tactical Airlift units will change series from the C-130A/Ds to C-130Hs and one Air Refueling unit will change from KC-135As to KC-135Es.

By the end of fiscal year 1984, 12 of the 13 Air National Guard KC-135 units will be equipped with or in retrofit for the JT-3D engine. The JT-3D engine provides our KC-135s with increased thrust and offload capability, an increased combat capability, an a significant reduction in noise and emissions.

As a result of these modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total Air Force combat capability and will fulfill a large portion of force commitment during any future, serious crisis. In fiscal year 1985, the Air National Guard will possess 68 percent of the total Air Force Air Defense Interceptor forces; 51 percent of Tactical Reconnaissance forces; 33 percent of Tactical Airlift forces; 25 percent of Tactical Fighter forces; 16 percent of Aerial Refueling forces; 14 percent of Rescue and Recovery forces; 15 percent of Electronic Combat forces; 28 percent of Tactical Air Support forces; and 1 percent of Strategic Airlift forces. In addition, 15 Air Guard flying units are tasked in Central Command's (CENTCOM) plans.

The continuing emphasis on modernization and readiness has resulted in adjustment of the organization precedence ratings for all Air National Guard units to equal levels with comparable Air Force units. This is in consonance with Depart-

ment of Defense policies and places the Air National Guard on an equal footing in the DOD Logistics System with its active counterparts.

Training

Our flying units make significant contributions to the Air Force as a by-product of realistic training. We participate as full partners with other components in overseas deployments, JCS and USAF training exercises, and Air Guard sponsored Composite Force Training exercises.

Our overseas deployments temporarily move entire flying units to theater locations along with ground support personnel, civil engineering, tactical control, and combat communications units. Such deployments furnish the Guard with realistic and valuable theater specific training.

The Air National Guard has tested several deployment concepts in order to validate wartime capabilities and maximize training per dollar spent. For example, we recognize air refueling assets will be extremely limited during wartime. Therefore, in fiscal year 1983 the Air National Guard successfully executed an island hopping deployment of 24 A-7s from Ohio to Europe which eliminated the requirement for any air refueling.

By initiating a policy of joint deployments whenever possible, we save dollars and increase unit exposure to this valuable overseas training. On a joint deployment, two or more units deploy together and share support equipment, thereby minimizing airlift costs.

In the Southern Command region, the Air Guard maintains four A-7s on station at all times in defense of the Panama Canal, supported by ANG KC-135s. We also maintain two Aircraft Control and Warning Radars in defense of Puerto Rico, and we support airlift requirements throughout Central and South America with six C-130 aircraft.

The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as the National Training Center at Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

To further the ANG fighting capability and familiarize our Air Guard personnel with joint operations, Composite Force Training exercises are conducted throughout the year. These exercises are sponsored and planned by ANG flying units, ANG Permanent Field Training Facilities, and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

In the Pacific Theater, our F-4 aircraft and support personnel from Hawaii participated in Pacific Air Forces exercise Team Spirit 83 in Korea. In addition, Air Guard KC-135 units supported the Strategic Air Command Pacific Tanker Task Force in Guam and Cope Thunder in the Philippines.

In Alaska, our RF-4s have provided photo support for exercises. During the latter part of fiscal year 1984, over 40 percent of the KC-135 assets to the Alaska Tanker Task Force will be provided by the Air Guard.

To further illustrate the Air National Guard's global readiness and the realistic training received, tactical fighters and reconnaissance units deployed to Germany, Turkey, England and Iceland during fiscal year 1983. Air Guard KC-135 tankers, participating in the European Tanker Task Force, supported European air refueling requirements.

Such a high degree of operational readiness demonstrates that the Air National Guard, when equipped with modern aircraft and equipment, is a full Total Force partner in the front-line of our defense forces.

MISSION SUPPORT UNITS

Force structure

Equally important to the success of the Air National Guard mission are our mission support units. There are 248 independent units heavily concentrated in the areas of fixed communications, combat communications, weather, tactical control, engineering installation, civil engineering, medical and air base ground defense.

Base communications flight provide fixed communications support to our flying units. These units operate and maintain the base fixed and tactical telephone systems, base communications centers, ground-to-air radios, intrabase radios, HF radios and base cable plants. Many of these flights also have separate deployable elements which support SAC, MAC and TAC at alternate recovery bases in the CONUS and at collocated operating bases (COBs) in Europe. Eight additional flights are to be activated in fiscal year 1984 in support of ADTAC gained Air Guard flying units.

Our 51 combat communications units are equipped and staffed to support the Tactical Air Forces. They provide specific communications service to forward deployed commanders and provide restoral service to the Defense Communications System. They are also equipped to provide terminal air traffic control facilities and services. As of the end of fiscal year 1983, 15 combat communications units are tasked in CENTCOM plans.

The Air Guard has 39 weather flights and one weather squadron, most of which provide weather support to Army Guard and Reserve units. We do have one weather flight tasked to support the Air Force Tactical Weather System. Weather units train with the Army units which they are tasked to support.

Our 31 tactical control units operate control and reporting centers and posts in addition to providing forward air control posts. All units have wartime tasking and quick response deployment schedules. All except three of these units now possess the new TPS-43E Radar, and the remaining three units will receive this radar in fiscal year 1984. The two new air support radar teams added in fiscal year 1982 became operational in fiscal year 1983. Each unit is equipped with new TPB-1C tactical radars.

We also have three aircraft control and warning squadrons which provide 24 hour per day air surveillance radar coverage for Hawaii and Puerto Rico. In fiscal year 1984, a fully automated Regional Operational Control Center will be operational in Hawaii and will be operated and maintained by Air Guard personnel.

We recently activated a unit to provide equipment and/or personnel augmentation to the Joint Communications Support Element. The mission of this unit is to assist during contingency military operations or disaster relief and evacuation activities.

Our engineering installation squadrons (EIS) are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios, and teletype and communications centers. They maintain proficiency by augmenting the Active Air Force on communications-electronics-meteorological (CEM) facility requirements worldwide.

Our civil engineering flights are equipped to undertake construction, alteration and repair projects to sharpen their skills for their wartime mission as well as completing urgently needed projects for their host bases (either active Air Force or National Guard). The recently established PRIME RIBS (Readiness In Base Service) teams currently make up 28% of the total wartime tasked Food Service and Base Service personnel.

The Air National Guard Medical Service supports our 91 flying units and readiness requirements of the Air Force Medical Service. Additionally, there are nine aeromedical evacuation units. The medical units consist of 26 to 50 personnel depending on the size of the flying unit supported. The aeromedical evacuation units are programmed to support MAC during tactical aeromedical evacuation scenarios. There are seven flights consisting of twelve crews each and two squadrons consisting of 25 crews each.

We have formed two dedicated Air Base Defense Flights and one Squadron Headquarters. They are the first of these units and the Air Force program calls for us to have 69 flights and squadron headquarters. These Air Base Defense flights will protect overseas essential wartime facilities from enemy ground attack.

Like their flying unit counterparts, our mission support units contribute heavily to total Air Force combat capability. In fiscal year 1984, the Air Guard will possess 70 percent of the Air Force combat communications forces, 12 percent of the weather reporting and forecasting forces, and 30 percent of the aircraft control and warning forces.

Training

I have talked about the significant contributions our flying units make as a by-product of training. Our mission support units have also made impressive strides in this area. In the past three years, our combat communications units have deployed approximately 1,400 personnel to Europe, Honduras, Egypt and Korea in support of major exercises.

Our Tactical Control Units train at their home stations by controlling Active and Air Guard fighter aircraft and by system-wide simulated exercises. As with combat communications, these units also play a major role in JCS exercises. Most noteworthy was the deployment of two flights of personnel to Italy and Denmark in support of a USAFE/NATO exercise. This was the second deployment of a CONUS-based Air Guard tactical control unit to Europe.

Two of our engineering/installation units deployed to Europe in June 1983 and performed successfully under simulated wartime conditions. An Air Guard unit also

won the fiscal year 1983 Air Force Communications Command "Shootout" competition. "Shootout" is a series of competitive taskings undertaken by Air Guard and Active Air Force units.

Our civil engineering units also participated in JCS European exercises and performed validation surveys of Air Force European and host nation base complexes. They identified assets, requirements and deficiencies for use by wartime planners.

Our PRIME RIBS teams have supported Air Force requirements with deployments to Air and Army National Guard and Air Force bases in the United States as well as locations in Europe and Korea.

Readiness

I am proud to report to this committee that combat readiness and capability to perform the wartime mission of the Air National Guard was again successfully demonstrated in 1983 by Air National Guard units during Air Force Operational Readiness Inspections (ORIs). These inspections were conducted under realistic wartime scenarios with the majority of Air National Guard units receiving these inspections while at deployed locations. This deployed concept has continued to expand to now include Air Guard combat communication units. Since the inception of the realistic training scenario in 1976, Air National Guard units have materially enhanced their capability and readiness.

Manpower

The Air Guard achieved a military end strength of 102,170 in fiscal year 1983. This is the highest level ever achieved by the Guard, and it is the fifth consecutive fiscal year that programmed end strength levels have been exceeded.

The Air Guard's fiscal year 1984 end strength program is 98,198 drill strength and 5,915 AGR (Active Guard/Reserve) for a total of 104,104 with an average strength of 103,400. In fiscal year 1985, we have programmed 100,666 drill strength and 7,224 AGR for a total end strength of 107,890 and an average strength of 106,200. This strength level supports approximately 99 percent of the Air Guard's projected wartime requirements.

Although the Air Guard has consistently exceeded programmed strength levels, many critical skills remain below acceptable levels. At the end of fiscal year 1983, 52 percent of our vacancies were in hard-to-fill areas such as aircraft maintenance, munitions systems, aircraft armament, and security police. Additionally, the Air Guard has projected growth of over 14 percent through fiscal year 1989. Of this growth, 35 percent will be in such critical skills as aerial port, Red Horse (civil engineering), aeromedical, and air base defense. We expect to continue to meet our strength goals but anticipate a greater challenge as our strength levels increase and the recruitable age population decreases.

The Air Guard's recruiting program uses a precision recruiting approach, which keynotes recruiting for existing or projected critical skill vacancies. The overall responsibility for recruiting rests with the respective State or territory. The addition of a full-time retention force has paid off as losses again declining last year. We continue to focus on recruiting rated officers, medical officers, minorities and women. In fact, the percentage of women and minorities in the Air Guard increased again in fiscal year 1983 for the third consecutive year. The continuation of recruiting and retention as co-equal programs has aided the Air Guard in meeting its end strength objectives as well as furthering our progress in reducing critical skill vacancies.

In fiscal year 1983, the Air Guard exceeded its combined military technicians and full-time military active duty (Active Guard/Reserve) end strengths. We expect to fully meet our fiscal year 1984 end strength programs which are 1,238 higher than fiscal year 1983.

The number of military technicians will remain constant through fiscal year 1984 and fiscal year 1985. However, we have programmed 1,309 additional AGR positions in fiscal year 1985 to fill increased requirements associated with aircraft, equipment, and other support requirements of the Air Guard.

We will continue to evaluate our future manpower needs and anticipate that future budgets will contain a mix of technician/AGR growth based on cost effectiveness and increased combat readiness to more appropriately man the many mission responsibilities of the Air National Guard.

OPERATION AND MAINTENANCE BUDGET REQUIREMENTS

Operation and Maintenance funding provides for the day-to-day operating expenses of ANG units, including pay of civilians, aviation and ground fuel, depot maintenance of assigned aircraft, supplies, and other expenses.

The following table shows the O&M, Air National Guard funding data for fiscal year 1983-85.

[in millions of dollars]

Budget activity	Fiscal year—		
	1983	1984	1985
Mission forces.....	1,370.8	1,291.0	1,392.7
Depot maintenance.....	343.8	402.7	345.6
Other support.....	100.6	112.9	123.8
Total.....	1,815.2	1,806.6	1,862.1

The Air National Guard Operation and Maintenance request for fiscal year 1985 increases by \$55.5 million, or 3.1 percent, above the fiscal year 1984 level. This increase is required to support the Air Guard's readiness and training requirements as weapon systems modernization continues in fiscal year 1985.

Mission Forces.—This budget activity funds our flying and mission support operations. The \$101.7 million increase in the fiscal year 1985 budget request represents a \$57.7 million increase in prices and a \$44.0 million increase in program. The program growth is primarily for aviation fuel and supplies to support a growth of 10,631 flying hours as well as maintenance and supply support for the Air Guard's new strategic airlift mission at Stewart Airport, New York.

Depot Maintenance.—This budget activity finances the Air Guard's reimbursement to the Air Force Logistics Command for depot maintenance on ANG aircraft and other equipment. The fiscal year 1985 budget request is \$57.1 million below the fiscal year 1984 level. This decrease represents a \$.9 million decline in price and —\$56.2 million in program. The decrease in program is due to the one-time, fiscal year 1984 congressional add-on for reengining our KC-135 aircraft with the JT-3D engine.

Other Support.—This budget activity funds for our support aircraft flying operations, operating costs of the National Guard Bureau Air Directorate, Real Property Maintenance, and Base Operating Support for the eight bases in which the Air National Guard functions as host or single manager. The \$10.9 million increase for fiscal year 1985 consists of \$4.0 million in price growth and \$6.9 million in program growth. The program increase will support the Air Guard's new Replacement Training Unit at Kingsley, Oregon, and maintenance, aviation fuel and supplies for the additional ANG mission support aircraft.

SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, while providing a State militia qualified for local disaster and public safety missions. Our responsibilities are truly global, national, and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you may have.

Senator HUMPHREY. Thank you.

Senator Goldwater?

Senator GOLDWATER. Just a couple of questions.

AIR NATIONAL GUARD PILOT FLYING TIME

What is the average pilot time now in the Guard?

General CONAWAY. Sir, in our fighter units we try to get a minimum of 135 hours per year for our crews. We are averaging a little

better than that, between 13 and 14 hours per month. We have trouble getting much higher than that because of crew availability and the experience levels of our people.

We like to get six to eight sorties per month, six minimum. Ideally we want to get up to eight sorties per month because our force is primarily a tactical backup force.

Senator GOLDWATER. How about the 135's? How much time are you putting in those?

General CONAWAY. 135 air crews are probably averaging close to 150 to 160 hours per year. The same with the C-130. Their hours are driven by requirements and by the number of booms required. They will average more. Of course, they do not fly the number of sorties that our fighter people fly, but they fly a few more hours.

Senator GOLDWATER. Would the Reserve come about the same way?

General GILL. Yes, sir, just about across the board the same way. Our KC-10 associate crews are flying a little more than the KC-135's are, sir, but the rest of them are just about in line.

Senator GOLDWATER. I do not see it in your statement, General Conaway, but we have heard that the Guard is looking for some C-12-type aircraft. There has been no testimony for that. Usually there is, and it is a very peculiar thing. It has not appeared in Senate testimony, but comes up in the House.

C-12'S FOR GUARD AND RESERVE

I was just wondering if the Guard or the Reserve were counting on C-12's in this year's buy.

General CONAWAY. Sir, there is none in the budget. Last year there were six C-12's in the appropriation for the Air National Guard. We will take those C-12's from last year and retire six of our older C-131 aircraft. We have approximately 30 C-131 aircraft in States that do not have any C-130 organic airlift at all.

The C-131 is to support the mission readiness and operational requirements of the Air National Guard flying units in the States, and also supports the Governor and Adjutant General in emergencies, both natural and manmade disasters that can occur, where they need to get Army or Air National Guard personnel from one end of the State to the other.

So we are working closely with the Air Force to try to retire our C-131's as soon as we can. We are also looking at putting C-130A's at outlying locations like Hawaii and Puerto Rico, but in the lower 48 we are looking at some other type of aircraft and the C-12 is what has come along so far.

Senator GOLDWATER. There would be no objection on your part to competitive bidding on that type aircraft, would there?

General CONAWAY. Obviously no, sir. We are working closely with the Air Force trying to retire the C-131 as soon as we can, and the Air Force realizes our dilemma of needing some small- to medium-sized capability in States that do not have C-130 units.

Senator GOLDWATER. I should not even ask this question because it involves a friend of mine in my State, but he has developed a modification on the C-131. I was wondering if you were aware of

that. I do not know the engine that he is using. Do you know the number of that?

General CONAWAY. It is the Allison engine?

Senator GOLDWATER. It is the biggest Allison and he is supposed to get around 240 to 250 knots cruise. I just heard of it just the other day and I was wondering if you had heard of it or looked at it.

REENGINING AND UPGRADING OF C-131

General CONAWAY. Yes, sir, we have. You are talking about possibly reengining and upgrading our C-131 aircraft?

Senator GOLDWATER. Yes.

General CONAWAY. Yes, sir, we have, and we have discussed it with Air Force and we basically are against that proposal. It is a very old airframe and we are not sure of all the problems we would get into by reengining that aircraft. With the age that it is, it would probably need an updated avionics package.

It is approaching 30 years of age and with what is on the market today I think we will find there are aircraft available on competitive bidding for less money than reengining these older aircraft and less operating cost per flying hour.

Senator GOLDWATER. That would be my thinking on it, too. But I wanted to let you know that we are going to push for competitive bidding on the C-12-type aircraft. When it first became needed by the forces, that was about the only aircraft we had of that type, and now we have, oh, I know of three other companies—Cessna, et cetera—making good competitive models, some of them even pure jets.

But there is a lot of turbos available and it is quite a sizable amount of aircraft. I think we have over 400 now in the forces, not many in the Air Force. The Air Force uses them for attache purposes and the Army is the outfit that has around close to 400 or so.

General CONAWAY. Yes, sir.

Senator GOLDWATER. I am very glad to hear your testimony on the Guard and Reserve. I served in both of them. You have done a wonderful job in keeping it up and keeping them going.

I understand you flew the C-118 in Berlin.

General CONAWAY. Yes, sir.

Senator GOLDWATER. I flew the first one across the North Atlantic and still wonder how we got there. [Laughter.]

Thank you.

General CONAWAY. As you may know, we have a first in Arizona, the first blue suit Adjutant General—they have all been green-suiters. Maj. Gen. Don Owens, who is the commander of the Phoenix unit is doing a superb job there. Of course, the Phoenix and Tucson units are kind of showcases in our Air National Guard units and do a superb job.

Senator GOLDWATER. They have a lot to do with it, I tell you. The Governor is a Democrat, but he is a good friend of mine. [Laughter.]

FLYING HOUR TRENDS

Senator HUMPHREY. General Chain, I wonder if you would review for us the flying hour trends over the last couple of years. I am not so much interested in what is projected for 1985 if the budget comes through unscathed because we know it is not and they never do and so these figures are not all that concrete or meaningful.

But I would like to know what the progress has been. Do you have the flying hour figures for 1983 and 1984 TAC, SAC, and MAC?

General CHAIN. Yes, sir, by different aircraft. In 1983, for instance, in the A-10—

Senator HUMPHREY. Can you just give it to us commandwide? Do you have that?

General CHAIN. I can add it up and divide it and submit it for the record.

Senator HUMPHREY. Do not bother, we will never get back to it. Just give it to me the way you have it there.

General CHAIN. A-10 in 1982 was 22.9; 1983, 21.3; 1984, 22.6; 1985, 23.2.

F-15. 1982 was 15.7; 1983, 15.6; 1984, 19.0; 1985, 19.7.

F-16. 15.8, 16.8, 18.2, and 20.2.

In SAC, the B-52, we are at 25.1, 22.7, 19.6, and 19.9.

The KC-135's were 17.3, 15.7, 18.4, and 18.2.

In the 130's, the MAC, in 1982 we're at 29.9, 25.7, and 28.5.

The 141, 30.3, 33.2, 33.9.

In the C-5, 20.7, 18.9, 14.9.

Senator HUMPHREY. Well, your TAC aircraft are experiencing increased flying hours, SAC are declining. The B-52 has declined substantially. Why is that?

General CHAIN. We took the B-52D's out of the inventory. We have tried to retain the crews because we are bringing on the B-1's and so we have an excessive number of crews in SAC right now that we have to have in a holding pattern until the B-1 comes in, and then they will be able to be retrained.

Senator HUMPHREY. I see.

General CHAIN. The same type of anomaly is true in the C-5, where we have had to put the birds into the depot mods and yet we do not want to get rid of the crews because as the aircraft come back in we will be able to start flying with them again at higher rates, and we will reman them with all experienced crews so that they can get by with fewer flying hours.

Senator HUMPHREY. When you give us flying hours, are these hard flying hours, or does that include some simulator time?

General CHAIN. Sir?

Senator HUMPHREY. These are hard aircraft flying hours, there are no simulator figures in this?

General CHAIN. No, sir.

SPARE PARTS RESERVES

Senator HUMPHREY. These increased flying hours, where they have occurred, have been using up the spare parts reserves, have they not? How long can you go on with this? We are not replacing

the spare parts you used up by virtue of the increased flying hours, are we?

General MARQUEZ. Yes, sir. In our budget we are calling——

Senator HUMPHREY. Never mind 1985 because again that is bound to change. What I am looking for is the trend 1983-84, for example.

General MARQUEZ. Yes, sir, in 1983-84. Of course, the requirements for spare parts are driven primarily by two things. One is the numbers of flying hours you project to fly, and then, of course, the failure rate of the particular components that we are either repairing or replacing.

So obviously when we program hard flying hours the requirements for spare parts drives up the same way. We have been in previous years trying to recover from very massive deficits in buying spare parts that resulted from decisions we had to take in fiscal year 1980; for instance, in 1979, we made a conscious decision to modernize the tactical air forces but we could not afford to bring on the requisite spare parts and logistics support due to the overall funding constraint we were facing.

We have been funding to recover from that at a very steady recovery pace now over the last 3 years—the bulk of the fiscal year 1981 supplemental went into buying spare parts, and the bulk of the 1982 amendment went into buying spare parts. We are acquiring those spare parts that we are using in our flying hour program as well as the spare parts that we will need for our war reserves for these new aircraft as they enter the inventory, and that is our plan that we are projecting and that we have been putting the resources against in our programming and budgeting actions in the last 3 years.

Senator HUMPHREY. Well, are you saying that the current flying hour program is being supported out of peacetime operating stocks?

General MARQUEZ. No, sir, I am not saying that at all. We have increased the flying hours for the very good reason that General Chain has stated, because we wanted to get better realistic training for our pilots. We did not have the requisite spare parts on board at the time, so we have been managing to do that flying time, but it has required us to do two things—do substantial dipping into our war reserves and also a lot of on-base cannibalization from aircraft to aircraft to maintain those kinds of sortie rates.

We have done that. We do not like doing that, but it has been an expedient we have had to apply. We are in the process of playing catch-up ball in those accounts and our budget requests for those past 3 years have reflected our strategy to catch up.

Senator HUMPHREY. Are we catching up?

General MARQUEZ. Yes, sir, we are. As indicators of that, we can see that the numbers of cannibalizations we have are turning down. They are being reduced substantially in these years. The numbers of withdrawals from the war reserves, you know, are also beginning to slow down.

The massive investments that we made in fiscal year 1981 were made toward the very last quarter of the fiscal year. As you recall, funding came in as a 1981 amendment which did not get money in our hands until the last quarter of the fiscal year. We normally

have about a 2-year lag time to acquire and deliver those spare parts.

The deliveries from 1981 occurred in 1983. The ones in 1982 are now beginning to arrive, and as these investments arrive yes, reduced cannibalizations and reduced reliance on war reserve stocks are beginning to show up in our indicators.

General CHAIN. If I may comment, Senator, about 5 years ago I spoke in front of this committee—and you were here that day, I recall—and gave you a presentation on what poor shape we were in as far as combat sorties if we had to go to war that day.

I think the bottom line of all this conversation is I can tell you that we can have 62 percent more combat sorties if we went to war this afternoon than I could have told you 5 years ago when we talked.

General MARQUEZ. And doing it with better airplanes.

Senator HUMPHREY. Nevertheless, the DOD's material readiness report indicates that the Air Force requirement for spares has been underfunded by over \$1 billion in the last 3 years. What effect has that had or will it have?

General MARQUEZ. Yes, sir. That statement is correct. The effect it has had is as I have told you. We have managed to get the flying time, but we have had to resort to those expedients such as cannibalization and withdrawal from war reserves, expedited repair lines and so forth.

The underfunding has been really a function of two major things. One, of course, is the overall obligation authority available for us to apply to these accounts, but it also has been a real function of how much you are able to absorb at any given time, and I think the healthy balance between those has been the number that we have submitted in our budget request.

Regarding our budget request, as you are well aware, we have a couple of traps to run before we ever get to you gentlemen, and in that process, of course, we did take some withdrawals from our spare parts accounts for what I personally do not agree are valid reasons, notwithstanding those that were made.

General CHAIN. May I make a comment from an operator's point of view? Even though I brag about the 62-percent increase, the highest leverage that we have as far as getting more combat capability is being able to have spare parts and being able to fly the airplane that we are paying \$25 million for, be able to fly it in combat at a higher rate and sustain it in combat for more days.

So I am a big supporter of spare parts, and I am disappointed that we have a backlog in the requirement. Everybody gets concerned with this rampup, that we have not had enough in the past, and so they do not want to see us buy our way out at too swift of a pace. We start in our own Air Force.

We hear that argument and as we go through all the different hurdles we hear the argument and it gets all the way over to looking at what may happen on this side of the river, that if we fully fund our requirement that someone over here will probably not pay for it anyway, so it is not useful to put in the request that we actually need.

If we thought that we would have complete support on this side of the river and through all those other hurdles, I think you would

see more money in our budget for spare parts than you see right now.

Senator HUMPHREY. Well, it is rather sharply up, the backlog—equipment maintenance—rather sharply up in 1984. I am looking at General Worrick's testimony on page 17, page 18. It is pretty sharply up in 1984. You are funding it in 1984 at \$3.115 billion. What did you request for 1984; do you recall? Does anybody have that?

General MARQUEZ. Are you speaking on the depot maintenance account?

General WORRICK. \$3.2 billion, sir, is what we requested in 1984.

Senator HUMPHREY. \$3.2 billion?

General WORRICK. Yes, sir. Now the backlog in 1984, you are right, is up to \$317 million. That is why you see the large build in 1985, so we can eliminate that backlog or at least reduce it to a much lower number.

Senator HUMPHREY. Well, you state that the 1984 increase is largely caused by the Air Force's inability to fully fund the 1984 requirement. Why is the Air Force unable to fully fund requirements?

General WORRICK. Well, sir, there are two or three areas that caused the increased backlog. We thought at the time when we went in with the 1984 budget that we had the requirements priced properly, but there is an anomaly in the way the depot maintenance pricing occurs where they establish set rates for 1 year and then they fall through to the next.

It was not until late into the congressional review here last year that we recognized that there was about \$100 million that we had flat understated in our fiscal year 1984 request, so that immediately added \$100 million to our projected backlog that we had going in.

In addition to that, we had two unfortunate incidents during 1983 with C-5 aircraft—an aircraft accident in Shemya and one in California—and they added another sizable increase to the backlog.

Senator HUMPHREY. How much of the backlog are you saying in 1984 is due to extraordinary items?

General WORRICK. What did we figure? It is up \$283 million from the estimate that we had in 1984.

Senator HUMPHREY. Don't you have extraordinary items in other years? is that unusual?

General WORRICK. Sir, we do not have the big crashes like the C-5.

Senator HUMPHREY. I know that, but you must have one kind of extraordinary problem or another from year to year. Is that unusual?

General WORRICK. There is a certain amount of crash-battle damage, sir, but it is not of the magnitude that we have experienced in 1983.

BASE MAINTENANCE AND REPAIR (BMAR)

Senator HUMPHREY. All right. It is not only depot maintenance that is getting out of hand. It is also BMAR. It went up again, or

went up, I should say, been going up with the exception of fiscal year 1981, and it looks like the trajectory of a rocket, actually.

What is going on? I mean, we get all these interesting excuses and explanations, but the big picture as it emerges from year to year is that we are losing control of these things again.

General WORRICK. Well, the backlog in base maintenance and repair of facilities is due primarily to, as I indicated earlier, identification of work that is out there. That is part of it. The other part is if you wanted to fix everything, if you recognized it needed to be fixed, it would be impossible to do that in any given year.

So, therefore, the Air Force, when it considers its 5-year program, figures out when is the most reasonable time consistent with the other priorities in the Air Force to get the backlog down, and that is why you will notice that we do have the backlog coming down to a certain containment level by fiscal year 1989.

Senator HUMPHREY. Some people are wondering about the setting of priorities and whatever may be said in defense of past policies and actions it does look as though we are getting into trouble, not just in the Air Force.

General WORRICK. Sir, I might add to that, since it follows General Chain's comment, there is a certain perception that if we ramp up too quickly that the support for that on this side of the river would possibly allow us to lose TOA. So there are two ways of looking at it. The Air Force tries to arrive at the appropriate balance for repairing old-age facilities versus modernization.

ENLISTMENT AND REENLISTMENT

Senator HUMPHREY. What are the latest trends in enlistment and reenlistment? Are there any emerging signs of problems?

General CHAIN. No, sir, just the opposite. It has been magnificent. As I say, this past year 98 percent of our new people were high school graduates.

Senator HUMPHREY. Yes, I understand that.

General CHAIN. The Air Force has only had one quarter in a year that it did not meet its goal. Obviously in earlier times when there was a draft we benefited from the draft, but since we have not had a draft we continue to be very good.

And the officer quality has never been better—from the Academy, the OTS and ROTC. It is just a really magnificent bunch of young people.

Senator HUMPHREY. And your opinion is based on figures over what period of time?

General CHAIN. Through this year, sir—through right now.

Senator HUMPHREY. Through right now. So you do not see in the last 2 or 3 months any emerging problems in the Air Force?

General CHAIN. No, sir.

Senator HUMPHREY. No decline in the number of reenlistments or quality of reenlistments as of yet?

General CHAIN. Not as yet. The personnel people say that as the fact of the recovery in the economy continues they foresee that there could be some problems in the future. Their real concern in the long run is the demographic impact as we look into the outyears of not having the pool of 18-year-olds in the country and

the Nation to draw from. But right now in the near term, next year or so, we see no problem.

Senator HUMPHREY. Yes.

General CONAWAY. Sir, if I might add for the Air National Guard we have met our strength goals and we hope to increase this year to 104,000. We are finding recruiting is becoming a little more difficult. We are watching very closely to see what problems may emerge from this.

As you probably know, the Army National Guard and Army Reserve are already seeing some problems out there in recruiting. You know, there are a lot of people after the 18- to 21-year-old group. The Air Force is increasing the size of the Air National Guard at a very healthy programmatic rate.

Our plate is full and our cup basically runs over; while at the same time the Air Force is increasing the missions in the Air National Guard retention is very high. In the past 80 to 85 percent of our personnel were prior service but today that is down to approximately 60 percent because of the increasing retention in the active force.

So we need 15,000 personnel this year to recruit, 16,800 next year, and we are starting to see some signs that it is becoming a little more difficult to get these people. So we are watching it very closely.

The incentive program for the Active, Guard and Reserve is definitely going to be needed to continue.

PILOT RETENTION

Senator HUMPHREY. Fine. What about pilot retention? How are we doing? Any signs?

General CHAIN. All positive, sir. In 1979 the length of rated service from each new pilot was less than 10 years average. We are now up to almost 16 years. You just cannot get much better than that. In fiscal year 1983 only, something like 93 percent of our pilots who were eligible to leave, stayed onboard.

Senator HUMPHREY. What percentage?

General CHAIN. Seventy-eight, which is just fantastic. We just could not be more pleased. And the turnaround is the thing that this committee has been responsible for, and that is being able to get a person. These are bright people that we get, put them through training, spend \$1.25 million to train an F-15 pilot and then not let him train to do his duty and they leave because they can go and do other things. And now that we are able to fly them and train them, they are staying in.

Senator HUMPHREY. What is this 93-percent figure? That applies to what?

General CHAIN. Pilots that were eligible to leave in fiscal year 1983 who stayed with us. If these retention patterns continue, we could expect 78 percent of the pilots who complete their initial obligation to finish their 11th year.

Senator HUMPHREY. What is that figure for the 6- to 11-year range?

General CHAIN. That is the group that that applies to. However, that is based on retention for only that 1 year.

Senator HUMPHREY. I see, 93 percent.

General CHAIN. Yes, sir. We basically are not losing anybody.

Senator HUMPHREY. Has that begun to decline at all in the last few months?

General CHAIN. No, not yet. Our concern is if there is ever a cut-back into what we did in the late 1970's to ourselves, collectively, then we will have that same exodus.

Senator HUMPHREY. OK. Thank you very much. We will have some written questions for you which we would like to have answered for the hearing record.

[The questions, with answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR GORDON J. HUMPHREY, ANSWERS SUPPLIED BY THE
U.S. AIR FORCE

FLYING HOUR PROGRAM

Senator HUMPHREY. The Air Force flying hour program has steadily increased to 20 hours per month. This higher level of proficiency has improved morale and contributed to lower accident rates. However, there are still not enough spare parts to support this expanded program. This means that units must reduce their wartime sustainability through withdrawals from war reserve spares kits in order to support the expanded peacetime flying hour program.

What are the trends in the flying hour program?

ANSWER. The trend in the flying hour program is a gradual increase from fiscal year 1984 to fiscal year 1985 of 2 percent. About one-half of this growth is associated with force structure changes and one-half provides increased readiness training for our combat aircrews. This is a reduction from the average growth rates of 3 percent a year the previous 4 years.

SUPPORT OF PROGRAM

Senator HUMPHREY. Is the current flying hour program supported 100 percent by peacetime operating stocks, or has it required withdrawals from war reserves?

ANSWER. The current flying hour program is not 100 percent supported with peacetime operating stock (POS), and the Air Force has required withdrawals from war reserves. The fiscal year 1984 flying hour program is supported with fiscal year 1982 funding because aircraft replenishment spares have an average two year lead-time. POS were funded at 74 percent in fiscal year 1982.

CANNIBALIZATION

Senator HUMPHREY. What are the trends in cannibalizations/sorties since 1979?

ANSWER. We do not normally track cannibalizations per sortie, however, we do track cannibalizations to satisfy NMCS conditions per flying hour. From fiscal year 1979 through fiscal year 1981 the worldwide average increased to a high of 3.5 cann per hundred flying hours. In fiscal years 1982 and 1983 we began to show some improvement declining to 3.4 and 3.3 cann per hundred flying hours. The primary reason for this improvement is directly attributable to improved spares funding beginning in fiscal year 1981. We expect this trend to continue as a result of continued favorable funding.

CANNIBALIZATION/SORTIES TREND

Senator HUMPHREY. Do these trends indicate that while readiness is up sustainability, in this case, is down?

ANSWER. No. As a result of our major investment in both Peacetime Operating Stocks and WRSK/BLSS beginning in fiscal year 1981 cannibalization rates have begun to decline in fiscal years 1982 and 1983 and sustainability is improving. For example, our studies show that by the end of fiscal year 1984 our tactical forces will be able to fly 62% more combat sorties in a European scenario than in fiscal year 1980. In addition, our strategic airlift force tonnage capability will have grown 67% since fiscal year 1981. Obviously, our investment is paying off in both improved readiness and sustainability.

CONTINUING TREND

Senator HUMPHREY. How long does the Air Force intend to continue this trend?

ANSWER. We expect continued improvement as long as we enjoy favorable funding of our requirement.

REPLENISHMENT SPARES

Senator HUMPHREY. Summary data provided in DOD's Material Readiness Report indicate that the Air Force requirement for replenishment spares has been underfunded by over \$1 billion in each of the past 3 years.

How is this persistent underfunding of replenishment spares likely to reflect on readiness in the immediate future?

ANSWER. The Air Force will not be able to continue to make the dramatic improvements in readiness that was experienced between fiscal years 1981 and 1984. For example, the Air Force has increased the number of sorties it can support for the Tactical Air Forces in NATO during the first days of war by 62 percent. Improvements in readiness will level off in the immediate future.

LOSS IN REPLENISHMENT SPARES

Senator HUMPHREY. Is it true that in the fiscal year 1985 budget review phase the Air Force lost over \$900 million in replenishment spares? If so, why?

ANSWER. Yes that is true. Adjustments were made based on changes to the force structure, flying hours, and revised forecast of spares requirements within a constrained budget estimate. There was also concern that since Congress reduced the fiscal year 1984 budget by over \$400 million, large spare funding increases would not be supported.

TACAIR FORCE STRUCTURE

Senator HUMPHREY. Within broad DOD priorities, readiness, sustainability, and modernization all have a higher priority than increases in force structure, especially for tactical forces. Nevertheless, the Air Force asked for an additional TACAIR wing in fiscal year 1984 and are asking for yet another in fiscal year 1985.

What is the relative priority of TACAIR forces structure increases in the Air Force Budget?

ANSWER. While we focus on countering Soviet nuclear forces, we must also be prepared to meet the threat from the Soviets and from other quarters across the entire spectrum of conflict. Consequently, we have structured our priorities to deter aggression at any level—special operations, small and large scale conventional combat, or strategic nuclear war.

We continue to emphasize the priorities we set last year to correct our most pressing deficiencies:

- (a) Modernize strategic forces (offensive and defensive).
- (b) Improve readiness and sustainability of general purpose forces.
- (c) Increase airlift capability.
- (d) Modernize and expand tactical forces.

As we modernize our forces, we must ensure adequate force size. Our global commitments require that we plan forces for worldwide employment. These demands, compounded by the size and lethality of Soviet air and ground forces, drive the high priority for modernization and expansion of our tactical forces. Our goal is to achieve 40 tactical fighter wings before the end of the decade.

The 40 wing tactical fighter force does not fulfill documented Air Force requirements. It only represents an achievable force given the resources made available to the Air Force. The dramatic improvements made in theater warfare capability by our potential adversaries require us to continue our efforts to upgrade our tactical forces within the balanced approach represented in the fiscal year 1985 budget submission.

ADDITIONAL MANPOWER AND SUPPORT COSTS

Senator HUMPHREY. How can the Air Force afford to take on additional manpower and support costs in the immediate future when budgets are coming down and when there is additional evidence that we are having a difficult time adequately supporting the current force, let alone an expanded one?

ANSWER. Additional manpower, along with associated support costs, is linked to programmed force structure growth and enhanced readiness and sustainability initiatives which are needed to meet the threat. As the force structure builds, the man-

power to operate, maintain, and support it must also be expanded. The alternative is to underman other systems and functions which directly translates to a degradation of readiness and sustainability on a broad scale due to the inability to project a fully capable force. There is no readily available substitute for a motivated and fully trained force of sufficient size to deploy and use the systems being put in place.

KC-135 REENGINEING PROGRAM

Senator HUMPHREY. The KC-135 reengining program is a large program that frequently is on the margin of Air Force priorities. Please describe the current status of the program, the outstanding issues and decisions to be resolved, and their impact on the Air Force and Air National Guard O&M budgets.

Answer. The KC-135R (CFM56) modernization program has completed test and evaluation of the first production configuration aircraft. Test equipment is being removed and the first operation aircraft will be delivered to Strategic Air Command in June 1984. Delivery of the 58 KC-135R modification kits procured through fiscal year 1984 will continue in 1984 and 1985.

The fiscal year 1985 President's budget requested funding for 53 KC-135R modifications. The KC-135R program is currently being reviewed, along with all Air Force programs, in light of current budget actions to reduce the fiscal year 1985 Defense request. It may be necessary to reduce the requested number due to budget constraints. Any reduction will be due to increasingly austere funding limitations and does not reflect a decrease in the Air Force commitment to modernization of the KC-135 fleet.

The only outstanding issue in KC-135 modernization concerns a second source competition for kit installation to be conducted in 1984. A second installation source will be selected and qualified for future competition with the current kit installer, the Boeing Military Airplane Company.

The KC-135R modernization program is the backbone of Air Force efforts to reduce the growing shortfall in air refueling capability. It capitalizes on a valuable existing asset: the KC-135 airframe. The modern, fuel efficient engine and updated aircraft systems provided by the KC-135R will ensure operation for a second full life cycle, well into the 21st century. The key decision remaining is the rate at which production will continue.

The impact of any stretchout in production ramp-up is to delay potential savings in the Air Force and Air National Guard operations and maintenance budgets. The 29 percent fuel savings validated during testing results in fuel savings alone of \$206,000 per aircraft per year. Significant maintenance savings will also accrue as 1950-technology engines and electrical systems are replaced with more reliable engines and solid state electrical components. Test results indicated that engine on-equipment man hours per flying hour were five times better than the present KC-135A engine.

DRUG INTERDICTION PROGRAM

Senator HUMPHREY. The Departments of Treasury and Defense are currently embroiled in controversy over who should pay for flight operations in support of the U.S. Customs' drug interdiction program. Explain the current Air Force/DOD position on this controversy.

Answer. If the term "pay for flight operations" means DOD assuming O&M costs for DOD assets on loan to Customs, the DOD position is clear. On March 16, 1984, Secretary Weinberger informed Treasury Secretary Regan that DOD would be unable to assume maintenance costs for DOD assets on loan to Customs. The rationale here is that DOD's funding of these costs would provide no military operational or training benefit which comports with congressional expectations stated in the legislative history of Public Law 97-86. Further, the flight operations are in direct performance of the customs mission and, therefore, must be funded by them in accordance with normal budgeting procedures. The Air Force, of course, supports the DOD position.

CONTROL OVER DEFENSE ASSETS

Senator HUMPHREY. What legislative proposals are in order to ensure that the Air Force and DOD retain sufficient control over defense assets?

ANSWER. There are existing laws and directives governing control of DOD assets and reimbursement procedures when support is requested by civilian law enforcement agencies.

Chapter 18 of Title 10 to Public Law 97-86 establishes specific authority and direction by permitting various forms of military assistance to civilian law enforcement agencies, requiring that furnishing assistance not adversely affect military preparedness and providing for reimbursement for assistance to civilian authorities.

DOD Directive 5525.5 further establishes uniform DOD policies and procedures to be followed with respect to support provided to Federal, State and local civilian law enforcement efforts.

Support incidental to normal operations and training requirements in under the control of the National Command Authority and the Military Chain of Command. Reimbursement is not requested for incidental support. For example, Airborne Warning and Control System (AWACS) sorties may be specifically scheduled to operate at times and in areas of interest to civilian law enforcement officials as long as compatible fighter resources are also scheduled which meet AWACS training requirements.

Reimbursement for dedicated assets not associated with normal operational and training requirements is taken into consideration by the Assistant Secretary (Manpower, Installations and Logistics).

Assistance to civil law enforcement agencies may not be provided if provisions of such assistance could adversely affect national security or military preparedness. The heads of DOD components ensure that approval for the disposition of equipment is vested in officials who can assess the impact of such disposition on national security or military preparedness.

Currently the Air Force is providing the maximum level of E-3A (AWACS) support without impacting national security or military preparedness. From four to a maximum of six AWACS sorties are provided monthly to support the anti-drug campaign.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN, ANSWERS SUPPLIED BY U.S. AIR FORCE

SOURCE OF CUTS TO BE TAKEN

Senator LEVIN. General Worrick, now that the administration and congressional Republicans have agreed on reductions in defense spending from the President's original request this year, there is some concern over where these cuts will be taken. Last week Defense Daily quoted unnamed administration officials as saying that the compromise defense budget will provide "enough funds, although with some reductions in pay and readiness."

General Worrick, I assume the Air Force is well along in deciding where the cuts will come. Can you give the subcommittee some idea this morning of what areas of the Air Force's original budget request are being reduced? Are most of the reductions coming in the areas of pay and readiness?

ANSWER. Final decisions have not been made. But I can assure you every effort will be made to take any reductions programmatically and ensure that readiness does not suffer. We have spent almost a year putting the O&M budget request together and believe it is what is required to support the force structure. Any arbitrary reductions to O&M would have a negative impact on readiness.

AIR FORCE C-RATINGS/OVERALL DECLINE

Senator LEVIN. General Chain, is it true that there has been an overall decline in the number of Air Force Squadrons rated "fully" or "substantially ready" since the end of 1980? What is the reason for this overall decline?

ANSWER. No, there has been a growth in the number of Air Force units rated fully or substantially combat ready since 1980, not an overall decline. The impression of an overall decline comes from the widely published 15% migration of units in the 1980 baseline from fully or substantially combat ready to marginally ready. This was caused primarily by tightening our measurement criteria and the normal regression in ratings experienced by units converting from older to new model aircraft. What has not been widely known is that the baseline of measured units has grown over the last four years due to the addition of modern, highly capable units which has resulted in a higher total number of combat ready fighting units than ever before. Not only has our readiness improved from this aspect, but the number of not combat ready units has decreased by more than half in the same time and under the same rules.

WAR RESERVE STOCKS

Senator LEVIN. General Chain, Dr. Larry Korb testified before the subcommittee recently that the Air Force is having to use spare parts from their war reserve stocks to support their growing peacetime flying hour program.

Is this the case: Do you have any figures showing the rate of withdrawals from war reserve stocks over the past several years? Isn't the Air Force undermining their sustainability by using war reserve stocks to support their peacetime flying hour program?

ANSWER. No, this is not the case. The rate of war reserve withdrawals has decreased from 6 withdrawals per hundred flying hours in fiscal year 1982 to 4 per hundred flying hours in fiscal year 1983. In absolute terms, war reserve withdrawals decreased from an average of 16,800 a month in fiscal year 1982 to 11,365 a month in fiscal year 1983. The Air Force is not undermining their sustainability by using war reserve stocks to support their peacetime flying hour programs. Since 1980, spare parts improvements have increased the number of tactical combat sorties which can be flown in Europe by 62 percent. Similarly, the amount of cargo that the military strategic airlift fleet can deliver over an extended period has increased by 67 percent due to fleet improvements and increases in spare parts.

READINESS RATINGS

Senator LEVIN. Is it not true that, despite your claims about improved Air Force readiness, the overall readiness ratings for the service's tactical aviation units have fallen drastically since the beginning of fiscal year 1981? How can the situation have improved if the cutting combat edge of our Air Force is far less ready now than when you took office?

ANSWER. The overall readiness of our tactical forces has not fallen drastically since the beginning of 1981. While we have experienced a shift in the C-ratings away from the C-1/C-2 range for our tactical units, this shift is more indicative of improved measurement standards and increased requirements vice an actual decline in military capability.

In early 1981, we had one set of criteria to measure C-status. Today, we have a different, more stringent set of criteria. During this period, we have gradually refined the C-rating system to give us a more accurate assessment of a unit's ability to meet its wartime tasking. During this same period, we have experienced considerable growth and modernization in the tactical force structure. We have replaced older aircraft in the active inventory with newer, more capable weapons systems and we have modernized existing aircraft to give us improved warfighting capability.

When assessing the C-ratings of our tactical forces, the most significant factor impacting the ratings has been a shortage of spare parts. Requirements' growth, generated by new force structure and modernization, and highlighted by more stringent reporting criteria, has caused a shift in C-ratings. At the same time, overall military capability of the tactical forces has improved dramatically. This is evidenced by a more modern, more capable force structure, higher levels of peacetime training activity, and improved sustainability. For example, when we view spare parts as a major limiting factor and assess our most demanding wartime scenario, the tactical forces can fly 60% more combat sorties today than they could in 1981.

SHORTAGE OF SPARE PARTS

Senator LEVIN. Is it not true that even though funding for Air Force spare parts has increased \$2.6 billion since fiscal year 1980 that the shortage of spare parts actually has worsened and that the only way the Air Force has been able to cope with the problem has been to rob our war reserve stocks or cannibalize parts from one aircraft to another?

ANSWER. Absolutely not. Aircraft replenishment spares have an average 2-year procurement leadtime with many aircraft engine items having even longer leadtimes. Of the \$2.6 billion spare parts funding increase, \$1.0 billion was provided the Air Force in fiscal year 1982. Therefore, because of the long procurement leadtimes, many of the spares purchased with the \$2.6 billion have not arrived in the field. These spares are arriving daily and the Air Force is experiencing significant increases in readiness and sustainability. For example, mission capable rates increased from 66.8% in fiscal year 1982 to 68.2% in fiscal year 1983. These rates were experienced despite continuous force expansion, modernization and modification and despite an increase in the flying hour program from 3,405,000 hours in fiscal year 1982 to 3,433,000 hours in fiscal year 1983. The number of non mission capable

supply (NMCS) incidents per flying hour decreased from .165 in fiscal year 1982 to .139 in fiscal year 1983. In absolute terms, the number of cannibalizations/war reserve withdrawals declined from an average of 26,415 per month in fiscal year 1982 to an average of 20,688 per month in fiscal year 1983. These indicators clearly show that the increased spares funding is beginning to show results.

ROBBING WAR RESERVES

Senator LEVIN. Is it not true that between fiscal year 1980-83 the number of times the Air Force had to rob its war reserves to meet its spare parts needs increased by the following astounding percentages for its front-line tactical combat aircraft—F-15, +92 percent; F-16, +160 percent; A-10, +118 percent.

ANSWER. It is true that raw numbers of WRM withdrawals to satisfy NMCS conditions have increased from fiscal year 1980 to fiscal year 1983 for the F-15, F-16, and A-10. The rate of WRM withdrawal per 100 flying hours has gone from 4 to 8 for the F-15, 0 to 2 for the F-16, and 1 to 2 for the A-10. We believe these numbers are somewhat misleading. For example, the F-16 growth was significantly influenced by the fact that the inventory built from about 90 aircraft in fiscal year 1980 to 436 in fiscal year 1983. Similar although less dramatic increases happened to the F-15 and A-10. Couple that with the fact that prior-year underfunding of WRM has actually precluded withdrawals since assets were not available but began to become available during the fiscal year 1980-83 time frame due to the \$1.3B fiscal year 1980-83 WRSK/BLSS funding for the TAF. These factors help to explain the apparent growth. We believe that recent improved readiness and sustainability funding, both POS and WRSK/BLSS have substantially ameliorated the problem. We have seen that the overall WRM withdrawal rate per flying hour has begun to decrease from a peak in fiscal year 1981 as a result of this funding. In an attempt to measure the impact of raw WRM withdrawal numbers we looked at the accumulation of NMCS hours as a function of flying hours from fiscal year 1979 to 1983. The result also shows a decline in NMCS hours since FY 81. Coupled with improved WRSK/BLSS wartime sortie generation capability we have reason to be optimistic about recent improvements.

CANNIBALIZATION RATE INCREASE

Senator LEVIN. Is it not true that the cannibalization rate for the F-15 actually increased 37 percent between fiscal year 1982 and fiscal year 1983 and that almost 50 percent of the Air Force's spare parts requisitions for its front-line tactical combat aircraft were filled through war reserve withdrawals or cannibalization in fiscal year 1983.

ANSWER. F-15 cannibalization to satisfy grounding conditions (Not Mission Capable Supply (NMCS)) increased by 29% from fiscal year 1982 to fiscal year 1983 in terms of raw numbers of incidents but a much more meaningful comparison normalized to account for inventory and flying hour changes—cannibalization per 100 flying hours—actually decreased by 20%. While it is true that in fiscal year 1983 62% of NMCS conditions for the primary TAF forces (A-7, A-10, F-4, F-15, F-16, F-111) were satisfied by cannibalizations or WRM withdrawals you must also view that in context. For example, for fiscal year 1982 for all USAF aircraft 75.4% of all requisitions were filled from stock. Of those items back-ordered only 16.9% resulted in a NMCS condition. Of those that resulted in a NMCS condition 57% were satisfied by cann or WRM withdrawal. That's 57% of the 17% of all back-orders, not requisitions. While cann and WRM withdrawals are a problem, the fact is that the vast majority of all requisitions are satisfied from stock or some other means. In fact we are making major improvements in proving spares for our combat forces. As an example, currently funded increased spare parts availability permits us to fly 62% more wartime combat sorties in a European environment over fiscal year 1980 and our awaiting parts times have been reduced an average of 8% over the same period. There is no question that we are better today as a consequence of the improved funding of the past few years.

TACTICAL AIRCRAFT SUSTAINABILITY

Senator LEVIN. You claim that you have improved wartime sustainability, but is it not true that because the Air Force has had to rob its war reserves to keep its aircraft in peacetime since this administration took office there has been little, if any, increase in its tactical aircraft sustainability measured in increases in days of supply?

ANSWER. No, it is not true. Since 1980, spare parts improvements have increased the number of tactical combat sorties that can be flown in Europe by 62 percent. In terms of days of sustainability, we have experienced an increase of 120 percent from fiscal year 1981 to fiscal year 1983.

NET INCREASE

Senator LEVIN. Is it not true that even the fiscal year 1985 budget does not represent any net increase in the days of wartime sustainability for our existing tactical aircraft and most of our airlift forces?

ANSWER. Yes it is true that budget constraints in fiscal year 1985 prevent the Air Force from continuing the dramatic improvement in sustainability that has been funded in the past few years. However, days of wartime sustainability are not the only or most meaningful measure of sustainability. The Air Force is continuing to improve its wartime sustainability with the fiscal year 1985 budget. [Deleted.]

FUNDS FOR SPARES

Senator LEVIN. Did the Air Force or DOD actually risk some \$750 million to \$1 billion more than it received for spares in fiscal year 1985 in part to minimize robbing war reserves any further to support peacetime operations? Does the fact that these funds were denied mean that robbing the war reserves will continue?

ANSWER. Yes that is true. Adjustments to the Air Force request were made based on changes to the force structure, flying hours, and revised forecast of spares requirements within a constrained budget estimate. There was also concern that since Congress reduced the fiscal year 1984 budget by over \$400 million, large spare funding increases would not be supported. A fully funded POS program equates to a 92 percent inventory fill rate which means that 8 percent of the time a part will not be available when requested. In these cases, we must borrow from other sources e.g., war reserve, cannibalizations and other bases.

SUPPLY READINESS

Senator LEVIN. Dr. Korb also indicated that supply readiness of Air Force flying units has decreased significantly since the beginning of fiscal year 1982. What is the reason for this trend? When are you predicting improvements in this area?

ANSWER. The unfavorable supply readiness trends noted in fiscal year 1982 have been reversed as the benefits of increased spares funding are achieved. Significant sustainability increases have been made as evidenced by the 62 percent increase in the number of tactical combat sorties that can be flown in Europe and a 67 percent increase in the amount of cargo the military strategic airlift fleet can deliver over an extended period. Peacetime readiness has also increased as shown by the decrease in the number of cannibalizations/war reserve withdrawals from an average of 26,415 per month in fiscal year 1982 to an average of 20,688 in fiscal year 1983. This was coupled with an increase in mission capable rates from 66.8 percent in fiscal year 1982 to 68.2 percent in fiscal year 1983 and a decrease in non-mission capable supply (NMCS) incidents per 100 flying hours from .165 in fiscal year 1982 to .139 in fiscal year 1983. In all categories we are experiencing upward trends and expect these improvements to continue as the full benefit of the fiscal year 1981 and fiscal year 1982 spares buys are realized.

O&M FLYING HOUR PROGRAM

Senator LEVIN. General Worrick, according to your statement the Air Force's O&M flying hour program has an increase of 50,581 hours in fiscal year 1985, roughly a 2 percent increase in your total O&M flying hour program.

Where are these increases concentrated? What is the total cost of this flying hour increase in fiscal year 1985?

ANSWER. Most of this growth is in Air Force general purpose forces. About one half of this growth is due to changes in force structure and one half of the growth provides additional readiness training for combat aircrews. Based on the average cost per flying hour for fuel and supplies, the increase cost for fiscal year 1985 is 60.1 million dollars.

AIR FORCE C-RATINGS

Senator LEVIN. General Chain, Dr. Korb indicated that the overall decline in Air Force C-ratings is related more to sustainability than to readiness. Do you agree?

Answer. I do not agree that there has been an overall decline in Air Force C-ratings. Today, we have far fewer units rated not combat ready than in 1980 and more units in the fully or substantially combat ready categories than ever before. The major change has been a movement between combat ready categories, as measured in the 1980 unit baseline, forced by criteria that were not used in determining the 1980 ratings. In other words, used alone, this statistic does not tell the full story in any measurement area.

C-ratings were designed to measure readiness not sustainability. The most common factor we have identified as a basis for degraded ratings is the shortfall in spare parts. Since spares are a primary determinant of sustainability, I would agree with Dr. Korb that the area potentially most impacted by spares shortfalls will be sustainability. This will become more apparent as our shorter run readiness spares problems are solved.

FLYING HOURS EXACERBATE PROBLEM

Senator LEVIN. General Chain, if supply readiness is the major drag on overall Air Force readiness, will not the increase in Air Force flying hours requested in fiscal year 1985 exacerbate this problem? In other words, by flying more now will the Air Force not have to dip into war reserve spare stocks more, thereby further undermining their sustainability?

Answer. It is important to maintain a balance between combat ready aircrews and supply readiness. With the support of Congress, the Air Force has made dramatic improvements in aircraft spares funding in the past few budgets. This increased funding has enabled the Air Force to make sharp improvements in aircraft readiness and sustainability while increasing aircrew flying hours. The fiscal year 1985 budget request fully funds peacetime operating stocks (POS) which will keep war reserve withdrawals to acceptable levels and still produce superior aircrews.

HOLD FLYING HOURS TO FISCAL YEAR 1984 LEVEL

Senator LEVIN. General Chain, since personal and training readiness are already very high in Air Force flying units, would it not make sense to at least hold the Air Force flying hours to the fiscal year 1984 level to preclude further erosion of war reserve spare stocks? Until Air Force spares inventories increase, will not an increase in peacetime flying simply erode Air Force sustainability?

Answer. No. The approach suggested holds the danger of eroding, through management, a key aspect of our ability to meet the threat—the fighting proficiency of our aircrews. For the short-run, we have, in effect, traded some spares funding for flying hours to insure a keen edge on our combat skills. The Peacetime Flying Hour program is supported by Peacetime Operating Stocks (POS), a separately funded spare parts category. Since POS has been historically under-funded (79.4% in 1984), the balance of the program has been supported by war reserve stocks from War Reserve Spares Kits (WRSK), Base Level Self-Sufficiency (BLSS) stocks, and, in extreme cases, Other War Reserve Material (OWRM) stocks. The WRSK, BLSS, and OWRN spares used in this way are not consumed, but simply moved through the use/repair/stockage cycle. The only real loss in parts is the 5-7% of these parts deemed irreparable. The loss to these stocks in 1984 was 1.2% of total parts funded. This was more than offset by the 21% 1984 increase in War Reserve Stocks' funding.

A reduction in flying hours automatically reduces the supporting POS, leaving the same relative percent of spares support to be provided by War Reserve Stocks. As long as the net result is not a decrease in stocks, it is to our advantage to continue to fly the full flying hour program in this manner until the real solution (100% POS funding) is reached in 1985. The bottom line is that, in terms of warfighting capability, it is vital that we not erode our high ratings in the personnel and training areas. We must continue to capitalize on our advantages: the U.S. pilot and his ability to exploit our technological advantages through increasing proficiency.

MEASURING READINESS YARDSTICK

Senator LEVIN. General Chain, Air Force Chief of Staff General Charles Gabriel was quoted as saying recently: "We have changed the yardstick for measuring readiness. We had a 6-foot bar to jump over 1980. We subsequently raised it to 8 or 10 feet and we're not doing so good jumping over it now."

What did General Gabriel mean by this statement?

Answer: General Gabriel was referring to the changes in reporting criteria caused by the 1980 changeover from the JCS Force Status Identity Report (FORSTAT) re-

porting system to the current JCS Unit Status and Identity Report (UNITREP) system and the subsequent refinements we have made to that system. These changes, made to focus leadership attention on the unit level and to warfighting requirement, have, for the most part, had a negative impact on unit C-ratings. We in the Air Force toughened the criteria, unmasked problems and insured accurate, realistic reporting—thus raising the bar on ourselves. The difficulty in reaching the new height is reflected in the 15% movement of unit ratings from C-1 and C-2 to C-3 that has been highlighted by the media recently. The change is not a true decrease in readiness, but reflects an increase in the toughness of our own reporting rules which will work to insure increased readiness in the future.

CRITERIA USED FOR C-RATINGS

Senator LEVIN. Can you give this subcommittee a precise description of how the criteria used in coming up with C-ratings have changed since 1980?

Answer. Yes. In April 1980, UNITREP replaced FORSTAT as the JCS standard readiness measurement tool in an effort to place more emphasis on unit readiness and wartime requirements. Since that time, several specific refinements have affected rating criteria.

1. Converting units no longer allowed 15-day War Reserve Spares Kits (WSK)—all units report against a 30-day kit.

2. Resource mobility units required to report WSK fill.

3. Improved, self-editing reporting software provided that eliminating "soft" reporting areas.

4. Spare engine reporting, which previously could not drive a unit below C-2, is now unconstrained.

5. TAC and USAFE now report percentage fill of war readiness materiel based on repair cycle assets only. This removes the masking effect of high fill rates of expandable items.

6. Resources required to be measured grew significantly; the typical fighter squadron measures more items now than in 1980.

All of these changes had, to some degree, a negative impact on unit C-ratings. Further changes to make the UNITREP system a better tool will continue to be made as needs are identified.

FORCE READINESS REPORT

Senator LEVIN. General Chain, the fiscal year 1985 Force Readiness Report indicates that the mission-capable rates projected for Air Force bombers and for airlift-tanker aircraft in fiscal year 1985 are lower than in fiscal year 1981. What is the reason for this?

Answer. For the bomber forces our actual MC/FMC rate for fiscal year 1981 was 50/47% respectively. Our projected rates for fiscal year 1985 are 46/44% growing to 50/48% in fiscal year 1986. This recent decline in both B-52 and FB-111 MC rates was due to a combination of prior-year underfunding of major readiness accounts and declining inherent hardware reliability particularly in the ECM and Bomb-Nav systems. In addition, the B-52 rates appear to have declined because of the retirement of the relatively more supportable, less complex, less capable B-52D aircraft. As a consequence of better readiness funding and aggressive management coupled with major ongoing and planned reliability modifications such as the B-52 Offensive Avionics System (OAS) and the FB-111 Avionic Modernization Program (AMP), bomber force MC rates are improving and will slightly exceed the fiscal year 1981 levels in fiscal year 1986 and into the outyears.

For the tanker/airlift forces the fiscal year 1981 MC/FMC rates were 67/55% respectively. Out projected rates for fiscal year 1985 are 66/53% growing to 67/54% through fiscal year 1987. While all of our tanker and airlift aircraft suffered a modest MC rate decline in fiscal year 1982 due to a combination of prior year readiness account shortfalls and structural/reliability problems the overall picture is actually much improved. For tanker forces the fiscal year 1982 decline was only 3% and gained back 2% in fiscal year 1983 and will completely recover in fiscal year 1985. At the same time major mods such as the INS/Doppler upgrade, wing reskin, and reengining have actually produced a far more capable, reliable, and supportable tanker force. While the C-5 took a minor dip (3%) in fiscal year 1982 our strategic airlift (C-5, C-141) forces not only recovered in fiscal year 1983 but are exceeding the fiscal year 1981 MC rates. Continued improvement is expected as a consequence of significantly improved airlift readiness funding and completion of major structural and reliability improvements. In fact, given fiscal year 1984 funding levels our wartime strategic airlift tonnage capacity will have grown by 67% since fiscal year

1981. Only the C-130 continues to exhibit problems due to a combination of prior year funding coupled most significantly with major structural and age associated reliability problems. Even here readiness funding has improved and major programs are underway or planned to reverse the trends beginning fiscal year 1984 and continuing through fiscal year 1988. Overall we are very confident that the combination of improved readiness funding and the major investments made in structural/reliability improvements is paying off in increased weapon system readiness for all of our aircraft including the bomber, tanker, and airlift forces.

DEPOT MAINTENANCE BACKLOG

Senator LEVIN. General Worrick, your statement indicates that the Air Force continues to have a large depot maintenance backlog in fiscal year 1985. What is the reason for this?

ANSWER. The backlog in fiscal year 1985 is the consequence of unanticipated increases to the fiscal year 1984 requirements after submission of the fiscal year 1984 requirements after submission of the fiscal year 1984 President's Budget request. These increased fiscal year 1984 requirements will carry forward into fiscal year 1985. The Air Force was able to add funding to the fiscal year 1985 DPEM program so that the shortfall could be reduced to \$133.8 million.

GROWTH IN BACKLOG

Senator LEVIN. What accounts for the dramatic growth in the depot maintenance backlog from fiscal year 1983 to fiscal year 1984? Between fiscal year 1981 and fiscal year 1985 the Air Force depot maintenance backlog will have grown by some 842 percent. How does this performance match the pledge by DOD just 2 years ago that it would eliminate all such backlogs by end fiscal year 1983?

ANSWER. Upon submission of the fiscal year 1984 President's budget request the Air Force was estimating a fiscal year 1984 shortfall of \$84 million and had programmed the fiscal year 1985 Depot Purchased Equipment Maintenance (DPEM) program to have a \$55 million shortfall. Several changes occurred after submission of the fiscal year 1984 PB that increased the fiscal year 1984 shortfall from \$84 million to \$317 million. These changes included \$100 million to correctly align the prices charged by the Depot Maintenance Industrial Fund (DMIF) to actual cost being incurred by the DMIF, \$44 million to support repair of two damaged C-5 aircraft, \$49 million of nonprogrammable "share the hurt" funding reductions and \$40 million for increased aircraft maintenance/modification installation requirements. These increases were carried over into fiscal year 1985 and caused the fiscal year 1985 shortfall to increase. The Air Force was able to add funding to the DPEM program so that the fiscal year 1985 shortfall could be reduced to \$133.8 million. While the growth in depot maintenance backlogs has grown between fiscal year 1981 and fiscal year 1985, the Air Force has continually placed a high priority on funding depot maintenance requirements in concert with other demanding programs.

REAL PROPERTY MAINTENANCE

Senator LEVIN. General Worrick, your statement indicates that the backlog of real property maintenance in the Air Force continues to grow. The fiscal year 1985 backlog is 12 percent higher than fiscal year 1984, and 24 percent higher than fiscal year 1983. In fact, only in one year, fiscal year 1982, in the last seven has the Air Force's real property maintenance backlog gone down.

What accounts for the Air Force's continued inability to reduce the backlog of real maintenance?

ANSWER. The Air Force has tried to meet the permissible real property maintenance backlog since mandated by Congress in 1978. During the late seventies and early eighties, the Defense Budget was severely constrained. This, plus the Air Force's effort to modernize, made it difficult to reduce the backlog. In fact, only emergency repair could be initially financed by most commands. Complicating the situation were several large unprogrammed and unbudgeted items that had to be paid. It wasn't until the Reagan Supplemental and Amendment that the Air Force was able to make a dent in the BMAR. The Defense Guidance, calls for reducing the backlog to the Congressional containment level (\$300 million) by the end of fiscal year 1988 and Air Force outyear funding is current structured to meet this requirement.

Another consideration influencing the level of BMAR is the fact that, today, we are undoubtedly doing a better job of identifying the extent of backlog that exists. In the constrained funding atmosphere of the late 70's our base level civil engineers

were not much encouraged to design and work up projects which they felt would never be funded. Today however, as funding levels have improved over the last several years, the engineers have had an incentive to expend the resources for design, etc. with the expectation that project funding would be available. I am not saying that the level of backlog we are identifying today is not real—it is very real. I am saying, however, that the growth in backlog is probably more apparent than real. The backlog was always there—it simply was not as well identified as it is today.

GROWTH IN SUPPORT AREAS

Senator LEVIN. General Worrick, in looking at the Air Force's O&M budget by major force program your statement indicates that the largest percentage growth has occurred in support areas. Intelligence and Communications grows by 56 percent from fiscal year 1983 to fiscal year 1985. What is the reason for this large growth?

ANSWER: The growth in Major Force Program III, Intelligence and Communications amounts to \$804 million between fiscal year 1983 and fiscal year 1985. The increase includes \$170.9 million for price growth. Communications security and intelligence activities have program growth of \$97.2 million; these programs are reviewed by the Select Committees on Intelligence. Of the remaining change of \$536 million between fiscal year 1983 and fiscal year 1985, by far the largest program increase is for support of the space program.

The space support program grew \$371.3M between fiscal year 1983 and fiscal year 1985. Here, the largest growth is in Space Launch Support which finances DOD shuttle launch operations (Cape Canaveral, Fla., and Vandenberg AFB, Calif.) (\$292.1M). Other Space Support programs which increased are the Satellite Control Facility (Sunnyvale AFS, Calif.) which finances on-orbit command and control of DOD satellites (\$34.6M); the Consolidated Space Operations Center (CSOC) (Falcon AFS, Colo.) which will provide on-orbit command and control for additional DOD satellites and mission planning and control for DOD shuttle operations (\$30.5M); and the Space Booster program which provides for operations cost of expendable launch vehicles (\$14.1M).

The increase in communications is made up of a number of items, the most significant of which are as follows (excludes price growth):

(a) (\$49.9 million) Development of a standardized DOD-wide communications (messages) program referred to as the Inter-Service/Agency Automated Message Processing Exchange.

(b) (\$32 million) Increase for AT&T divestiture costs (over and above standard price growth) associated with the services contracted through the Communications Services Industrial Fund.

(c) (\$13.4 million) Contractor logistics support to retrofit three National Emergency Airborne Command Post aircraft from E-4A to E-4B.

(d) (\$16 million) Contract support to develop and maintain joint-use WWMCCS data bases.

(e) (\$8.0 million) Worldwide grade of service improvements for AUTOVON service.

(f) (\$16.4 million) Joint Surveillance System interconnecting AUTOVON circuitry for the Region Operational Control Centers (ROCCs) in order to integrate with the National Air Surveillance System.

(g) (\$1.8 million) National Military Command System Improvements for Washington Switchboard modernization, which is World War II vintage and is logistically unsupportable.

(h) (\$2.0 million) Defense Satellite Communications System (DSCS) contractor technical support as number of satellites on-orbit grows.

(i) (\$5.2 million) Installation of commercial satellite data link for the Defense Meteorological Satellite Program (DMSP).

(j) (\$14.1 million) Defense Data Network costs include access line charges, operational costs for installation of new model switches, network design costs and maintenance of installed equipment.

(k) (\$5.9 million) Mobile Ground Entry Points to support Presidential flights and the National Emergency Airborne Command Post (NEACP).

ADMINISTRATION AND ASSOCIATED ACTIVITIES

Senator LEVIN. General Worrick, administration and associated activities, which is basically your overhead account, grows by 43 percent from fiscal year 1983 to fiscal year 1985. Within this category departmental headquarters grows by 30 percent from fiscal year 1983 to fiscal year 1985. Why?

ANSWER. The 30 percent, or \$24.2 million, growth in Departmental Headquarters is entirely due to an internal transfer of funding for the Air Force Data Services Center from another activity within Major Force Program IX, Service-Wide Support, to the activity group Departmental Headquarters. Price growth amounted to \$3.5 million in this period. All other changes amount to -\$8.3 million, largely in the ADPE area, e.g., conversion of the MULTICS program from leased to purchased equipment.

	<i>Millions</i>
Fiscal year 1983.....	\$81.2
Price growth.....	+3.5
Transfer of Data Services Center.....	+29.2
All other.....	-8.5
Fiscal year 1985.....	105.4

Outside of Departmental Headquarters, the major increases within Administration and Associated Activities are in reality program transfers rather than real program growth. The fiscal year 1985 request of \$87.3 million for disability compensation and unemployment compensation was funded in fiscal year 1983 from Central Supply and Maintenance (Major Force Program VII). Also, indicia mail (postal) costs, \$33.9 million, were funded in Central Supply in fiscal year 1983. All these programs were moved to MFP IX (Administration) at Office of Secretary of Defense/Comptroller direction, and cause the perception of substantial program growth where it does not exist.

SERVICEWIDE SUPPORT

Senator LEVIN. Also, service-wide support grows by 56 percent from fiscal year 1983 to fiscal year 1985. What does this category mean? Why is it growing so much from fiscal year 1983 to fiscal year 1985?

ANSWER. The Service-Wide Support activity group contains resources to fund various Air Force separate operating agencies that provide support to the entire Air Force. For example, the Air Force Audit Agency, the Air Force Accounting and Finance Center, and the Air Force Inspector General Center are supported from this area. Also, resources are provided for certain centralized payments to non-Air Force federal agencies. These include disability and unemployment payments to the Department of Labor, and indicia mail payments to the Postal Service.

The increase of 56 percent, or \$132 million, is due primarily to the transfer of funding of employee compensation and postal costs, which was previously funded in Central Supply and Maintenance, to this activity group within Administration and Associated Activities. There was a transfer out of the Air Force Data Services Center (from Service-Wide Support to Departmental Headquarters).

Price growth, the Command ADP Modernization program, and funding for the installation of fast payback productivity investment projects account for the remainder of the changes.

Fiscal year 1983.....	\$236.9
Price growth.....	+19.3
Transfers:	
Disability and unemployment compensation.....	+87.3
Data Services Center.....	-29.2
Postal costs.....	+33.9
Program changes:	
Command ADP modernization program.....	+8.5
Productivity investment program.....	+9.7
All other.....	+2.2
Fiscal year 1985.....	368.6

AMMUNITION

Senator LEVIN. Assistant Secretary of Defense Korb has pointed out how much the administration has spent to buy ammunition in its program. Is it not true that the fiscal year 1985 budget cuts Air Force tactical missile procurement by about 1,200 missiles compared to what the administration said last year it would buy this year?

ANSWER. For all Tactical Missiles (Air-to-Air and Air-to-Ground) the fiscal year 1985 procurement request of the fiscal year 1985 President's budget reflects 1,245 fewer weapons than the fiscal year 1985 column of the fiscal year 1984 President's budget. This reduction is the net impact of a Maverick reduction of 1,229,

AMRAAM reduction of 50, Harm reduction of one, and a Harpoon increase of 35. As the major contributor to this reduction, the Maverick fiscal year 1985 quantity reflects the Air Force's best production profile based upon the fiscal year 1984 appropriation, which reduced the Maverick request by \$46.7 million. Likewise, the revised fiscal year 1985 AMRAAM quantity reflects a \$4 million reduction in fiscal year 1984 advanced procurement funds for fiscal year 1985 production.

TACTICAL MISSILES BUY

Senator LEVIN. Is it not true that this budget also projects that the administration's fiscal year 1986 budget will buy about 1,000 fewer tactical missiles for the Air Force than were projected last year for fiscal year 1986?

ANSWER. For all tactical missiles (Air-to-Air and Air-to-Ground), the fiscal year 1985 President's budget reflects a planned procurement in fiscal year 1986 of 10,784 weapons, a decrease of 958 weapons from the fiscal year 1986 column of the fiscal year 1984 budget request. This reduction is the net result of a Maverick reduction of 1,000 missiles, Harm reduction of 18 missiles and a first procurement (increase) in AGM-130 (powered GBU-15) of 65 units. The major contributor to the decrease (Maverick) reflects the Air Force's best production profile based upon the fiscal year 1984 appropriation, which reduced the Maverick request by \$46.7 million. This fiscal year 1984 reduction resulted in an fiscal year 1985 production rate reduction of 1,229 missiles, which then impacts the fiscal year 1986 production in a similar manner.

"OUTYEAR" ROBBING OF READINESS

Senator LEVIN. Is not the "outyear" robbing of readiness phenomenon repeating itself again in the Reagan defense program?

ANSWER. No. The fact is that the Air Force O&M account properly reflects the amounts needed to support the approved force structure, both in the budget year and in the outyears.

We believe that there were O&M funding problems in the 1970's and they were due to a lack of awareness as to what is really required to support the force structure. Because O&M has become an item of interest to OSD/OMB and the Congress and because of an improvement in the involvement of the panels, committees and other Air Staff people in the Air Staff Board process, there has been significant improvement in insuring the proper amount of operating funds are available to support the projected force structure. This proper pricing includes the expanded modernization programs authorized in the early eighties and the recent increases in civilian and military end strengths.

MINIMIZE CUTS IN O&M

Senator LEVIN. Finally, we are left with the dilemma of where we should cut this defense budget, which all of us know will be cut, so that we can maintain an adequate national defense and protect our taxpayers' economic security also. Recently NATO's commander, General Bernard Rogers, urged: "My plea is: don't cut operations and maintenance. You're cutting training days, flying hours, steaming hours."

Would you agree we should minimize cuts in the O&M and other combat readiness accounts?

ANSWER. Yes, there is no sense in building a force structure you cannot support.

O&M fund increases or decreases should follow from and be the result of thought out programmatic changes in the force structure. There should be no non-programmatic reduction's to the operating accounts.

CUT BIG TICKET PROCUREMENT OR MANPOWER

Senator LEVIN. Last October, Dr. Korb told the AFA Symposium that in order to do better with the readiness and sustainability accounts "we may have to consider offsets from selected modernization and force structure programs." Do you conclude that, and would you recommend we cut big ticket procurement or manpower?

ANSWER. We are concerned with the seeming "accessability" of readiness and sustainability accounts as an avenue to absorb non-programmatic reductions to Total Obligation Authority and Outlays. The area demands close scrutiny and we appreciate the concern your committee has historically shown in this area. During its development process, the Air Force program is carefully balanced between readiness, sustainability, research, development, procurement, manpower, and other accounts. To disrupt one of these accounts with "big ticket" reductions to fund another ac-

count is not consistent with Air Force programming objectives. While it is true that items of lower priority may have to be replaced on Air Force funded lists to accommodate fiscal reductions, it is our intent to maintain a balance between appropriations. Funding our readiness and sustainability efforts remains an Air Force top priority.

ARN-101 SYSTEM

Senator LEVIN. In March 1977, DOD directed the Air Force to upgrade the avionics/weapons delivery system of the F-4G Wild Weasel defense suppression aircraft. The Air Force decided in 1979 to procure the ARN-101 system. In 1981, DOD informed the Senate that a contract would be awarded by the end of July 1981.

Just 21 weeks ago that contract finally was awarded for the first increment of Wild Weasel aircraft to be upgraded, some seven years after the initial decision and almost 3 years after DOD said a contract would be awarded. Even considering the delays between 1977 and 1981, there can be no excuse for the delays between 1981 and last week.

Would you agree that the delays in this program were excessive? Why did it take so long to get on contract for an off-the-shelf system?

ANSWER. The 38 months since the July 1981 contract award should not be viewed as a period of delay. The July contract provided for the integration and testing of the AN/APR-38 Electronic Defense Suppression System and the ARN-101 integrated Avionics Upgrade System. While both systems, at that time, were off-the-shelf, neither one had been designed with the other in mind. Therefore, the integration of the ARN-101 system with the existing F-4G aircraft avionics, the introduction of a thinner gauge wire (to accommodate space constraints) and the installation of the AN/APR-38 system had to be developed and flight tested. Because of the complexity of the modification, several viable integration approaches had to be evaluated to insure the totally integrated system would function as an entity on the F-4G aircraft.

In July 1981, a firm fixed price development contract was awarded to install and integrate the ARN-101 into the AN/APR-38 equipped F-4G aircraft. The production authorization was based upon the successful integration and flight testing of the F-4G with both systems installed. A combined qualification test and evaluation/qualification operational test and evaluation was begun in September 1983 and completed in December 1983. Analysis of the test data resulted in the F-4 system program manager's decision to authorize production. A production integration contract was awarded in March 1984. Installations are scheduled to begin in April 1985.

In view of the complexity of the systems involved in this modification, the time taken to orchestrate these avionics systems integration activities is not considered to be excessive.

DIGITAL AVIONICS SYSTEM

Senator LEVIN. Last year this committee added \$16 million to the budget so the Air Force could buy the ARN-101 system and upgrade the 40 RF-4C aircraft in the ANG which are dedicated to the Rapid Deployment Force. Despite that direction, the Air Force has issued a directive to competitively procure a digital avionics system for these aircraft.

In view of the delays to get the off-the-shelf ARN-101 on contract for the F-4G, how long will be required to get under contract for the competitively procured system for the RF-4Cs? General Conaway, are you concerned about possibilities for delay?

ANSWER. Yes, I am concerned about delays, but the Air Force expects the competition to add only about six months to the procurement process, and I do support the Air Force competitive procurement position. The procurement strategy proposed by the Senate Armed Services Committee was not supported through the legislative process. The proposal by the Senate Appropriations Committee "to conduct a formal competition using life cycle costs as a major criterion, to select a replacement" was supported by the Senate House Conference Committee that concluded their deliberations in November 1983. The Air Force procurement actions that have been initiated were based on the direction from the conference committee. These actions are in consonance with the wishes of the Congress in seeking to obtain the best value for the taxpayer's dollar, while providing industry with the opportunity to compete for defense contracts. This also is in keeping with direction given by the Defense Acquisition Regulation (DAR). Based on the above, it is the Air Force's intention to be under contract in fiscal year 1984 or as soon thereafter as is possible.

CONTRACT FOR SYSTEM UPGRADE

Senator LEVIN. Last year, I was informed by the Air Force that conducting a competition and letting a contract for the RF-4C digital avionics system upgrade would take no more than 6 to 9 months. Can you assure me that the Air Force intends to accomplish this schedule without delay?

ANSWER. The Air Force is making every effort to meet the schedule it proposed previously. The original intention remains unchanged.

RF-4C UPGRADE FUNDS

Senator LEVIN. Funds for the RF-4C upgrade have been available for 3 months and the Air Force still does not have a procurement plan and a program milestone chart for this work. How do you intend to complete the contract process within 6 to 9 months?

ANSWER. Direction was provided to Air Force Logistics Command to proceed with those actions necessary to upgrade the avionics system on the ANG's RDF RF-4C aircraft. A procurement plan has been developed, appropriate milestones established and planning to change the RF-4C configuration has been initiated. These necessary and mandatory preprocurement actions will form the basis for our procurement of RF-4C modification kits. Six to nine months after this planning process is completed, we intend to be on contract.

RING LASER GYRO

Senator LEVIN. According to information we have received, the Air force is considering changes to the specifications of the digital avionics package to incorporate a ring laser gyro inertial navigation system as part of the improvements package. This could further delay the program. Why not issue the specs for the currently-available spinning mass gyro and permit a backfit of the ring laser gyro when it is available in about three years? Don't you risk further delays otherwise?

ANSWER. The Air Force instituted a Form Fit and Function (F³) Inertial Navigation Unit (INU) specification. Contractors must meet that specification to be considered as a potential vendor and source of supply for Standard INUs. The choice of vendor(s) is determined through a competitive selection process.

The F³ (ENAC 77-1) specification is a performance, not a design specification. Therefore, any F³ qualified vendor's INU will satisfy the inertial navigation system requirements. By revising the specification to allow an F³ INU to provide for the navigation function, the Air force obviates the possibility that it will be forced into a sole source procurement position and therefore promotes competition.

The F³ specification is technology transparent, that is, it is not sensitive to the INU design (spinning mass, ring laser, etc.). Therefore, the Air Force can use any F³ qualified components to satisfy its inertial requirements.

F³ INUs are available today and are planned for installation in the C-130, F/FB-111, F-16C/D, HH-60D, C-17 and A-10. By using the F³ approach, the Air Force insures the availability of components to satisfy RF-4 requirements now and in the outyears. Delays due to F³ INU availability have neither been experienced nor are they anticipated.

NAVIGATION AND TARGETING SYSTEMS

Senator LEVIN. Congress intended those ANG RF-4Cs for the RDF to be modified as soon as possible. Will not any slip in the schedule mean these aircraft will be required to use the older, less accurate and more difficult to support navigation and targeting systems while their active forces counterparts in the RDF have the newer systems?

ANSWER. Yes, any slip in the ANG RF-4C modification schedule will mean that these aircraft will have to continue to rely on the old, less accurate and difficult to support navigation systems they now have installed.

While there is no funded program to upgrade the rest of the RF-4C fleet, every effort is being made to upgrade the RDF committed ANG aircraft as soon as possible. Because the Air Force will use an F³ approach, the Inertial Navigation Unit (INU) will be of the latest design and will, as a minimum, provide the required performance and reliability at the lowest possible life cycle cost. Because of the numbers and types of aircraft that will be equipped with an F³ INU and the technological transparency of F³ INU, commonality with the rest of the Air Force is assured.

ANG RF-4's

Senator LEVIN. Does this not mean that the logistics burden imposed on the RDF remains heavier, contrary to our committee's intent? Does it not mean that these ANG RF-4Cs will have less combat effectiveness than those with whom they will fly and fight in the RDF active's tactical reconnaissance forces, again contrary to the committee?

ANSWER. The F³ INU enquipage approach, which will be employed to satisfy the ANG RF-4C inertial navigation system requirements, decreases the logistics burden for the following reasons:

(a) Many USAF aircraft are being scheduled for Inertial Navigation Units (INU) which meet the F³ performance specification to include the C-130 (500 units), F/FB-111 (392 units), A-10 (700 units), HH-60D (132 units), C-17 (to be determined) and the F-16 C/D (approximately 800 units). This insures the worldwide pipeline availability of F³ INUs.

(b) The F³ approach allows technicians in many commands to be trained to deal with a common core of INU inputs and outputs as well as with a limited number of types of F³ systems. As these individuals transfer from command to command or perhaps transition to the civilian world, possibly as ANG technicians, the types of INUs they maintain will remain standard. This will flatten out the technician learning curve and permit more accurate troubleshooting of malfunctioning inertial systems and therefore facilitate a more rapid return to service of F³ equipped aircraft.

(c) Fighter aircraft equipped with an F³ INU enjoy the highest level of reliability yet achieved in that environment. The present F³ Means Time Between Failure (MTBF) is better than 330 hours. The incumbent F³ system is to reach 525 hours MTBF by 1985 with vendor financed F³ INU upgrades to improve reliability and payback by the vender in additional spare units if the reliability goal is not met.

(d) As new technologies or refinements of the current technology are introduced into the Air Force's F³ INU inventory, their reliability is expected to increase to much higher levels than are being achieved today. Compliance with the F³ approach insures that the committee's intent will be carried out to the fullest possible extent.

ANG RF-C'S UPGRADE

Senator LEVIN. Will the Air Force be able to accelerate the program for upgrading the ANG RF-4Cs to get on contract before the end of the fiscal year 1984 fiscal year? Can you assure me this will be done?

ANSWER. We are accelerating the program with the intent of getting on contract at the earliest possible date. Contract action by the end of fiscal year 1984 is extremely optimistic. Regardless, we are proceeding toward that goal.

Senator HUMPHREY. Thank you very much. The subcommittee stands adjourned.

[Whereupon, at 11:10 a.m., the subcommittee adjourned, to reconvene upon the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1985

THURSDAY, APRIL 26, 1984

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

AIR FORCE AND ARMY MUNITIONS PROGRAM

The subcommittee met in executive session, pursuant to notice, at 3:12 p.m., in room SR-232A, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Dixon.

Staff present: Michael J. Donley, David S. Lyles, and John G. Campbell, professional staff members; Brenda K. Hudson, assistant chief clerk; Patricia L. Watson, research assistant; and Lisa M. Tietge, staff assistant.

Also present: Ronald P. Kelly, assistant to Senator Humphrey.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The Preparedness Subcommittee meets this afternoon to receive testimony on ammunition procurement and sustainability.

Now, I have already read your statements, gentlemen. Inasmuch as no other member is here at the moment, I will skip over that part if you don't mind, unless you insist on making a statement.

General HANSEN. No, sir.

Senator HUMPHREY. The submitted statement will be entered into the record following your oral statement.

I understand that the plan is to go classified first. So, let us clear the room of all persons not security cleared.

Are we OK?

You have a classified statement in addition to your other statement?

General HANSEN. I have a classified briefing, sir, four or five slides.

Senator HUMPHREY. You may proceed, General.

STATEMENT OF MAJ. GEN. ALFRED G. HANSEN, DIRECTOR, LOGISTICS PLANS AND PROGRAMS, DEPUTY CHIEF OF STAFF/LOGISTICS & ENGINEERING, HEADQUARTERS, USAF

General HANSEN. What I will do is briefly run over the Air Force's fiscal year 1985 budget and then I have some selected munitions about which I think you might be interested in the quantities.

Senator HUMPHREY. Before you begin, I want to inform Senator Dixon we are now in closed session and this briefing is classified.

Senator DIXON. I thank the Chair.

General HANSEN. This represents a 4-year funding profile for the Air Force. There are some significant points that I think should be noted.

**MUNITIONS AND ASSOCIATED EQUIPMENT
PROGRAM SUMMARY**

(DOLLARS IN THOUSANDS)				
	FY 1983	FY 1984	FY 1985	FY 1986
MUNITIONS TRAINING ITEMS	215,159	265,143	367,940	410,679
WAR RESERVE MUNITIONS	530,831	593,428	1,050,381	1,811,436
OTHER MUNITIONS	13,695	5,398	6,255	13,444
TOTAL	759,685	863,969	1,424,576	2,235,559

First of all, as you can see, during 1983 and 1984 the Air Force's budget was relatively small. It was during this period of time we were going through a conversion from production of older weapons into production of new preferred munitions.

We had a very low level of production during that period of time.

As we go into 1985 and 1986 you can see there is a considerable ramp up. What this represents is after facilitizing and retooling our production we are now ramping up our production rates to maximize not only our quantities, but also to minimize the cost of munitions, bought during this period.

If you look back to fiscal year 1982, our budget would be about \$1.2 billion. You can see there is a bathtub effect and that bathtub effect occurs anytime you go into a change out of munitions in production.

Rather unusual, we have changed out several of our munitions and I will be covering those new munitions in a few minutes.

I would like to go into how we size our requirements. We have two separate methods, one for training munitions and another for our WRM munitions.

MUNITIONS TRAINING ITEMS

Sized to programmed training intensity levels matched to other support levels.
 Refined by unit level forecasts: Real world considerations—Range schedules, etc; unit needs—experience level of assigned personnel.
 Based on least cost to accomplish training.
 For aircrews and ground forces.

Looking at training munitions, the size is initially programmed to meet the objective of combat proficiency for not only our air crews but our ground crews. Once that level is determined, it is further refined actually down in unit level by unit commanders and unit training officers.

They take those real world constraints that exist in completing training missions such as limited range schedules and the experience levels of our pilots.

I am sure you agree with me an experienced pilot does not need as many practice bomb runs as a brand new pilot coming out of pilot training.

The requirement is also based on least cost to accomplish that training. What I mean is we use low cost training munitions as opposed to expending high cost live munitions wherever possible.

It applies not only to air crews, but ground crews and base defense personnel.

WAR RESERVE MUNITIONS

Requirements

Defense guidance.
 Least overall cost to kill methodology: sortie constrained; target constrained.
 Based on defense guidance scenarios.
 Based on forecast weather, sortie loads, aircraft capability, range to target, aircraft/weapon attrition, etc.

Acquisition plan

Defense guidance.
 Fiscal constraints.
 Production facility/tooling.

As we look into our war reserve munitions area, it is basically directed by those levels established by DOD, defense guidance. That in combination with the defense guidance scenarios, develop levels of conflict that we try to sustain. Our munitions requirements are based on the least overall cost to kill, the most efficient way of killing a target.

SORTIE CONSTRAINT

We buy based on constraint, how many sorties can we fly and how many targets out there that need to be killed.

It is also based on some constraints such as forecast weather, sortie loads, aircraft capability.

As we go into acquisition, this also is developed based on Defense Guidance procurement levels that are outlined to us. These include fiscal constraint, reality of the budget and capability of tooling and facilities. [Chart deleted.]

This shows two categories of munitions, one sortie limited and another one that is target limited. It is in days of sustainability and percent of target kill respectively.

For example, this is the low-level laser guided bomb. We presently have on hand [deleted] days. By the end of the fiscal year 1984 funding period we are expected to have [deleted] days and by the end of the fiscal year 1985 [deleted] days and by the end of the fiscal year 1986 funded delivery period [deleted] days.

As you look at those that are limited by targets, and once again, as I said earlier, we buy our munitions based on targets to be killed, the Durandal, which is primarily a runway busting munition, we have on hand [deleted] 1984, [deleted] percent of the target requirement we expect to be able to kill, and [deleted] percent by 1986.

We do have substitute munitions. For the most part it is iron bombs, the non-preferred munitions, which give us about [deleted] effective target kill, but one thing we have is that we have lots of those. We have plenty of those munitions still, many of them from the Vietnam era.

[Chart deleted.]

This chart shows the tactical force sustainability. Along the vertical axis this is thousands of sorties for the first 60 days of the war.

Along the horizontal is the fiscal year.

We have two lines. The top line is the sortie requirement based on the most efficient munitions that we have available. The bottom line shows our substitute munitions capabilities.

For example, in 1985 we can accomplish [deleted] sorties with preferred munitions. Now, we can still fly [deleted] or 100 percent, of our sorties by substituting munitions such as iron bombs for some of the more sophisticated.

What that does, though since the top line is predicated on the most effective munitions, substitution drives the sortie requirements up.

One thing we are trying to do now is to compute what that will be, not only in terms of sorties, but additional spares, additional POL, and additional attrition as airplanes are more frequently exposed to target area defenses.

30MM AMMUNITION



PROCUREMENT (\$ IN M)

	\$	QTY
FY 83	134.5	10,514K
FY 84	183.6	12,970K
FY 85	200.3	15,478K
FY 86	159.5	11,258K

TOT INV
OBJECTIVE

MULTIYEAR PROCUREMENT

THREE TYPES - TRAINING (TP)
HIGH EXPLOSIVES INCENDIARY (HEI)
ARMOR PIERCING INCENDIARY (API)

FY 85 UNIT COSTS - TP - \$10.06
HEI - \$15.84
API - \$21.78

MANUFACTURERS - AEROJET & HONEYWELL

Looking at some of the specific munitions, now 30 millimeter may not be very sophisticated, but it is a success story. It is a multiyear contract. Over the last 3 years we have saved \$134 million on this contract. It is the primary munition for our A-10's, a tank killer munition.

Shown are the quantities that we are looking to procure in each year and the slide shows our total inventory objective, both in dollars and in total quantity.

BDU - 33**PROCUREMENT (\$ IN M)**

	\$	QTY
FY 83	23.2	1,279,456
FY 84	20.4	1,100,000
FY 85	21.8	1,154,000
FY 86	24.1	1,154,000

25LB PRACTICE BOMB**PRIMARY AIRCREW TRAINER****UNIT COST - \$10.79**

MANUFACTURERS - DEFENSE RESEARCH, ANNISTON, AL
DEL MFG, OXNARD, CA
DELFASCO, GREENVILLE, TN
ABBOT PRODUCTS, CHICAGO, IL

PRACTICE BOMBS

As I said, we try to stay away from using live munitions as much as possible. This little 25-pound bomb, actually simulates the trajectory and the profile of almost all of our large munitions. You can see we do use large quantities.

This actually represents the expenditure rate that we expect to see in the year. So, it is pretty close to \$2 million worth of practice.

GBU-15**PRECISION WEAPON** [REDACTED]**LIMITED STANDOFF** [REDACTED]**300 TV/300 IR IN FY 85****UNIT COST - \$147,000****MANUFACTURER - ROCKWELL, NORCROSS, GA (PRIME CONTRACT)****HUGHES MSG, TUCSON, AZ (IR MODULE)****HUGHES ACFT, CULVER CITY CA (DATA LINK)****FAIRCHILD SYOSSETT, NY (FUZE)****PROCUREMENT (\$ IN M)**

	\$	QTY
FY 83	47.3	250
FY 84	60.2	320
FY 85	127.3	800
FY 86	155.9	800
TOT INV	[REDACTED]	
OBJECTIVE		

As we look into our precision weapons, this is the GBU-15 and it is actually built in two models, television as well as with IR capability. The TV gives us a daytime capability.

By going to the IR version, it gives us night capability and also limited adverse weather. A very precise weapon, with a [deleted] CEP.

Against hard targets, heavily defended that we must stand off from, such as maybe a communications site, or a command post, some sort of SAM site or a target of that nature; it is an excellent weapon.

LASER GUIDED BOMB KIT



PROCUREMENT (\$ IN M)

	\$	QTY
FY 83	186.9	9,800
FY 84	100.0	3,000
FY 85	105.5	3,500
FY 86	202.4	7,850

TOT INV
OBJECTIVE

LOW LEVEL LASER GUIDED BOMB

IOT&E COMPLETE ON GBU-24

GBU-22 IN TEST

UNIT PRICE: GBU-22 - \$28,290

GBU-24 - \$28,648

MANUFACTURER: TEXAS INSTRUMENTS, DALLAS, TX

LASER GUIDED BOMBS

This, once again, is a stand-off weapon, very effective. It comes in a GBU-24 which is a 2,000-pound version and also GBU-22 which is a 500-pound version.

The 500-pound version, in initial tests the software was too sensitive for the munition. Although it is the same software used on the 2,000 pound version, the mass of that bomb is able to dampen out the sensitivity of the software; whereas in the 500-pounder the software causes oscillations and the weapon is less accurate.

We have found some solutions to that. We are looking forward to new tests that should finish up in November that will prove the 500 pound version's capability.

DURANDAL**PROCUREMENT (\$ IN M)**

	\$	QTY
FY 83	9.2	351
FY 84	23.1	788
FY 85	48.3	1,850
FY 86	121.0	4,500

TOT INV
OBJECTIVE

RUNWAY ATTACK MUNITION**UNIT COST \$26,083****MANUFACTURER - MATRA, FRANCE**

Durandal, as I said earlier, is the primary runway busting munition that we have today in the Air Force. It is made by a French company.

This is a direct attack munition. You must fly over the runway to deliver the munition. It is slowed and oriented by a rocket motor with a parachute and it is forced down into the concrete and actually explodes underneath the concrete. You can see we have limited quantities coming into our inventory.

Although it is made by a French manufacturer, we are hoping we will license this in the United States and later have a production capability in the United States.

CBU-87 COMBINED EFFECTS MUNITION



PROCUREMENT (\$ IN M)

	\$	QTY
FY 83	25.0	172
FY 84	83.5	1,380
FY 85	281.9	10,446
FY 86	620.3	26,240

TOT INV
OBJECTIVE

RELATED

ANTI-ARMOR/ANTI MATERIAL CLUSTER BOMB

PRIMARY AIR FORCE AREA WEAPON

UNIT COST - \$23,600

MANUFACTURERS - AEROJET, DOWNEY, CA (PRIME)

HONEYWELL, MINNEAPOLIS, MN (DISPENSER)

MOTOROLA, SCOTTSDALE, AZ (SENSOR)

2ND SOURCE (ALL ITEMS)

KANSAS AAP, PARSONS, KS (LAP)

CBU-87, combined effects munition, is our most versatile munition. You can tell by the quantities we expect to use this against a wide variety of targets, not only light armor, but it is also effective against stores and personnel. We have had good success with it in tests.

You can see we are starting to ramp up from the initial production rates to considerable larger quantities. It is a great versatile weapon.

GBU-89 GATOR MINE**PROCUREMENT (\$ IN M)**

	\$	QTY
FY 83	28.4	319
FY 84	77.4	1,218
FY 85	207.4	4,144
FY 86	266.4	6,006

TOT INV
OBJECTIVE

SELECTED PLANNED

ANTI ARMOR MINE SYSTEM

72 TANK MINES, 22 AP MINES

UNIT COST \$43,079

MANUFACTURERS - HONEYWELL, MINNEAPOLIS, MN (DISPENSER, AT MINE)

AEROJET, DOWNEY, CA (AP MINE)

MOTOROLA, SCOTTSDALE AZ (SENSOR)

IOWA AAP, MIDDLETOWN, IA (LAP)

LONE STAR AAP, TEXARKANA, TX (LAP)

Then the Gator mine. This is directed against the enemy's armor. By putting out the minefield, we can channel the tanks into kill areas and during testing we ran with this about five tanks through a minefield and it was effective against all the tanks.

One of the tanks continued to run through the minefield, but we found later the mine had exploded through the tank and would have killed the crew and effectively it would have wiped out all the tanks that were in that test.

Once again, it has not only tank, but it has antipersonnel mines to deter people from going into the area once the mines are laid down and removing the tank mines.

This is a weapon we are bringing into high production.

FMU-112/139 FUZE



PROCUREMENT (\$ IN M)

	\$	QTY
FY 83	11.3	10,000
FY 84	25.8	25,000
FY 85	42.7	56,350
FY 86	83.3	100,000

TOT INV
OBJECTIVE

OFFERS DELIVER

ELECTRONIC, GENERAL PURPOSE BOMB FUZE

FMU-139 PROCUREMENT

UNIT PRICE - \$750

MANUFACTURER - MOTOROLA, SCOTTSDALE, AZ
SECOND SOURCE

Now Fuzes, a munition is only as good as the fuze. In some cases our fuzes today are not very good. One of the fuzes we are presently using, the FMU-54 has a reliability of [deleted] percent. This fuze should bring the reliability up in the high nineties.

There has been some difficulty in development of this fuze. The Navy has the lead with it. It looks like it has been fixed. You can see we are looking for large production of this fuze.

Of course, there is great leverage with this fuze when you consider the [deleted] percent we presently have against the 95 that we are expecting.

2000 LB HIGH EXPLOSIVE BOMB



PROCUREMENT (\$ IN M)

	\$	QTY
FY 83	.	.
FY 84	.	.
FY 85	19.8	10,300
FY 86	42.6	20,000

TOT INV
OBJECTIVE

10,300 42.6

FOR PRECISION ATTACKS

2,000 LB BOMBS GENERAL PURPOSE
 HARD TARGET

UNIT COST - \$1,553

MANUFACTURERS - IMCO, GARLAND, TX (METAL PARTS)
 CHAMBERLIN, WATERLOO, IA (HARD TARGET)
 MCALLISTER AAP, MCALLISTER, OK (LAP)

2,000-POUND BOMB

An iron bomb, but in this particular case when it is mated with the F-16, we consider it a preferred munition. It is an excellent weapon. We have it in two categories, all 2,000 pound weapons, one general purpose and one with a harder case that we use against hard targets.

Of the 10,300 we are requesting to buy in fiscal year 1985, 10,000 are general purpose and 300 are for the hard target.

Once again, a very cheap munition, but combined with a very effective weapon system and we consider it preferred.

Sir, that concludes my presentation.

Senator HUMPHREY. Thank you.

Senator Dixon, do you have questions?

Senator DIXON. I have none, Mr. Chairman.

Senator HUMPHREY. Before you sit down, General, may we have that first slide back, please?

You talked about the bathtub effect.

General HANSEN. Yes, sir.

Senator HUMPHREY. Is there not also a problem arising out of the continual practice of reduction in ammunition procurement by the time this budget gets through the wringer? Isn't that part of the problem?

General HANSEN. Not in these 2 years. There might be some of that as you get out here in fiscal year 1986.

As you are well aware, the House has recently marked and they reduced a lot of the munitions as a result of the increases in production rates.

There is a tendency of the Air Force, perhaps to be a little bit too aware of the doability of selling items in Congress, and in some cases munition production rates have been looked at and leveled.

When you do that, you actually push it out to the later years a bit. In this particular case this was actually the result of low production as we swapped over production to new weapons. This year stands by itself.

Senator HUMPHREY. What was the request for war reserve munitions under fiscal 1984? Do you have that information?

General HANSEN. I am sure that we do. In the fiscal year 1984 request, 1985 was \$1.9 billion.

Senator HUMPHREY. The latest submission is down to 1.4?

General HANSEN. Yes, sir. There are several reasons for that.

The first one we have already discussed; in that there have been some self-initiated reductions, but the only thing that really remains stable is the first year of the budget.

Then as you look at force structure changes and some problems in the development of munitions, and we have had some of that, you continue to rephrase your munitions program to meet the contingencies that have arisen.

Senator HUMPHREY. Thank you.

[The prepared statement of Maj. Gen. Alfred G. Hansen follows:]

PREPARED STATEMENT OF MAJ. GEN. ALFRED G. HANSEN, DIRECTOR, LOGISTICS PLANS AND PROGRAMS, DEPUTY CHIEF OF STAFF/LOGISTICS AND ENGINEERING, HEADQUARTERS, USAF

Mr. Chairman and members of the committee, I am pleased to be here today to present the Air Force request for Munitions and Associated Equipment for fiscal year 1985.

The Munitions Program is one of the four Budget Programs in the Other Procurement, Air Force Appropriation. It includes all munitions and related equipment purchased for the Air Force except for guided missiles, and includes funding for the total forces including Air National Guard and Air Force Reserves. The fiscal year 1985 request comprises 15 percent of the appropriation request. The program encompasses rockets; small arm and aircraft cannon ammunition; bomb ejection and engine starter cartridges; nuclear bomb support equipment; guided and unguided general purpose bombs; anti-armor, anti-material, and anti-personnel cluster munitions; air delivered mines; chemical munitions; explosively ejected chaff; infrared countermeasures and illumination flares; aircraft tow targets; bomb and dispenser fuzes; machine guns and grenade launchers; several types of demolition explosives; and the related specialized test and handling equipment. These items range from small arms ammunition costing pennies a round to complex, precision guided bombs costing over \$150,000 each.

Virtually all munitions requested in fiscal year 1985 are for the Tactical Air Forces. The remaining, less than one percent of the funding, is for support of service-wide munitions equipment. The majority of the funding requested is needed to build war reserve material (WRM) stocks. The remainder is for peacetime training of air and ground crews. Over 90 percent of the training munitions funding is for aircrew training items to acquire and maintain combat readiness.

This year's request continues the initiatives begun three years ago in the fiscal year 1981 Supplemental and fiscal year 1982 Amended Budgets to redress the readiness and sustainability shortfalls that existed. As defined by the Secretary of the Air Force and the Chief of Staff in their posture statements, redressing these shortfalls is one of the most important priorities of the Department of the Air Force.

The requests for training munitions provide for full funding of the budgeted aircrew training programs without recourse to drawing from WRM stocks. Procurement reflects new force structure; acquisition of new, more expensive weapons; in-

flation; and the increased tempo of aircrew training programs planned for fiscal years 1986 and 1987 when these items will be delivered. Eighteen percent of the funds requested will go to support Air National Guard and Air Force Reserve training.

The requests for WRM stocks are required to meet WRM procurement objectives and the maintenance of production lines as required by the Defense Guidance.

Our fiscal year 1985 request of \$1,424.6 million is \$560.6 million more than last year's appropriated budget. This increase is due primarily to the planned, increased production levels of GBU-15, Combined Effects Munition (CBU-87), and the Gator Mine (CBU-89), as we indicated in last year's testimony. As these new systems transition into full rate production, funding requirements will rise to even higher levels in future years. These increases are vitally needed to allow the Air Force to meet its operational requirements. The increase in funding requested for fiscal year 1985, is essential or the Air Force will be forced to face the future with an inadequate, aging stockpile of effectively obsolescent weapons. Without these increases, the investment made in prior years in research and development, and production base facilitization will be wasted and economies of scale lost. We will be forced to pay higher unit prices for the munitions procured. The overall levels of sustainability are classified and therefore are not included in this statement; however, this year's funding request will add three days of stock to our critically low inventory level.

The Munitions and Associated Equipment Program is divided into seven major categories as indicated in table 1.

TABLE 1.—MUNITIONS AND ASSOCIATED EQUIPMENT

(In millions of dollars)

	Fiscal year—		
	1984	1985	1986
Rockets and launchers.....	3.5	26.7	26.7
Cartridges.....	269.5	289.5	269.5
Bombs.....	477.2	968.3	1,717.0
Targets.....	(¹)	.2	3.0
Other items.....	71.6	88.8	115.1
Fuzes.....	37.8	44.0	92.3
Other weapons.....	4.4	7.1	11.8
Total.....	864.0	² 1,424.6	³ 2,235.6

¹ Less than \$50,000.

² Includes \$19.8 million for BIGEYE chemical munitions not addressed in this statement.

³ Does not add due to rounding.

I will now discuss each of the seven categories in more detail:

ROCKETS AND LAUNCHERS

The funds requested in this category are for 2.75 inch rockets, rocket warheads, and meteorological probes. Fiscal year 1985 marks the first year's procurement of the new Mk 66, 2.75 inch rocket motor. This motor is used to propel target marking rockets for forward air control aircraft. We are requesting 100,000 for peacetime training of forward air control aircrews. All other procurements in this category are for items requiring less than \$900,000 each. Twenty two percent of the funding in this category is for Air National Guard and Air Force Reserve forces.

CARTRIDGES

The cartridge category is comprised of small arms and aircraft cannon ammunition, grenade cartridges, explosively dispensed chaff cartridges, smoke cartridges, and stores ejection cartridges for aircraft pylons and bomb racks.

Small arms ammunition.—The requests for small arms ammunition include 7.62mm blank ammunition for security police training and 9mm ammunition for handgun training. The 7.62mm blank ammunition is used in M60 machine guns to provide realistic combat training for security force personnel during their initial training and in annual exercises to maintain their proficiency. The 9mm ammunition is used to initially train and annually re-qualify personnel with their weapons.

Aircraft cannon ammunition.—Fund to buy aircraft cannon ammunition in 20, 30, and 40mm sizes are being requested for both aircrew training and to meet WRM

requirements. The 20mm training and high explosive incendiary ammunition is used in F-4, F-5, F-15, F-16, A-7, AC-130, and B-52 aircraft. This ammunition is required for peacetime training, augmenting WRM stocks, and to replace munitions used in operations in Grenada. The 30mm training and high explosive incendiary ammunition is required for A-10 and GPU-5/A Gun Pod training while 30mm high explosive incendiary and armor piercing incendiary is needed for war reserve stockpiles to support the A-10 aircraft and GPU-5/A Gun Pod. Forty millimeter high explosive incendiary ammunition is requested to support AC-130 gunship training and war reserve requirements. Sixty one percent of aircraft cannon ammunition is needed for training including support of Air National Guard and Air Force Reserve forces.

Grenade cartridges.—Training grenade cartridges (40mm) are required for qualification and recurring training of security force personnel who man grenade launchers in base defense and ground launched cruise missile flight security roles. Grenade cartridges for the Mk 19 grenade machine gun and the M203 grenade launchers are requested. Forty millimeter high explosive grenade ammunition is also required for training and to build our wartime stocks for both ground forces and special operations force helicopters. Forty seven percent of this ammunition is programmed for annual training with the remainder for WRM stocks.

Chaff cartridges.—The request for RR-136 and RR-170 chaff cartridges is required to build critical WRM stocks and to provide peacetime training assets. The RR-136 cartridge is used in the RF-4C aircraft and the RR-170 is used in the A-7, A-10, AC-130, F-4, F-15, F-16, HH-3, HH-53, and MC-130 aircraft to counter radar directed threats. Over eighty percent of the chaff purchased will go into WRM stocks to improve out low asset posture.

Smoke signals.—Mk 4 Mod 3 smoke cartridge are small signals used in BDU-33 and Mk 106 practice bombs to mark the impact point during training missions. The Mk 4 Mod 3 cartridge is used for the majority of practice bomb drops where range fire danger is minimal. In those locations where range fire danger exists, the requirements are satisfied with CXU-3 cartridges procured in the Items Less Than \$900,000 (Cartridges) P-1 line. All smoke signals of this type are bought for peacetime training, 40 percent of which is for the Air National Guard and Air Force Reserve.

Engine starter cartridges.—The MXU-4 A/A engine starter cartridges provide engine start capabilities for the B-52, F-106, F-4, F-111, and KC-135 aircraft when ground power units are unavailable or during alert launches. The requested funds are all for training and peacetime operations. Reduced KC-135 requirements, stemming from the reengining program, have been considered in the overall request. Air National Guard and Air Force Reserve requirements account for ten percent of the request.

BOMBS

Bombs, which is the largest category, includes general purpose bombs; anti-armor, anti-material, and anti-personnel cluster bombs; air delivered mines; guided bomb kits; practice bombs; chemical bombs; and associated components such as bomb fins and lugs.

Mk 82 and 2,000 lb high explosive bombs.—This year marks the first time since the early 1970s that we have requested procurement of 500 and 2,000 lb high explosive bombs. These procurements are required to restore our sustaining stocks that have been depleted due to peacetime consumption and sale to foreign countries. The majority of the requirement, over 50 percent, is for the Air National Guard and Air Force Reserve. In addition, 2,000 lb bombs must be procured to satisfy increasing requirements for war reserve stocks caused by increased numbers of F-16 aircraft in the inventory.

Mk 82 and 84 empty bombs.—This year's budget request again includes funds for Mk 82/BDU-50 and Mk 84 empty bombs for aircrew training. These bombs are filled with concrete to simulate the weight of an explosive weapon and are used to insure aircrews are familiar with the response of their aircraft during actual weapons delivery. They also provide inert bomb bodies for training launches of laser guided bomb kits. In the past, these bombs were filled at the using base to save transportation charges; however, the increased statutory load limits on interstate trucking have offset transportation savings, and it is now more cost effective to fill these bombs at Army Ammunition plants. Air National Guard and Air Force Reserve requirements total twenty eight percent of the request.

Durandal.—After testing several foreign weapons for use in the airfield attack role, the French developed Durandal munition was determined to be the best avail-

able runway cratering munition. This year's request is for another limited procurement of 1,850 units of this near term airfield attack weapons. Tests have demonstrated that it can be effectively employed at low altitude and high speed from F-4 and F-111 aircraft. The weapon uses a small parachute to orient the nose of the weapon downward immediately after launch and then a rocket motor is fired accelerating the warhead to a high velocity to penetrate concrete runways. After penetrating the runway, the warhead is detonated which craters the runway. Due to the small fiscal year 1985 procurement, the Durandal weapon will be purchased directly from the French manufacturer Matra. We are exploring the possibility of license production with representatives of Matra for any future procurements.

Air inflatable retarders.—The BSU-49 and BSU-50 air inflatable retarders are used to convert 400 and 2,000 pound general purpose bombs to a high drag configuration. These high drag general purpose bombs can be used at low altitudes and at high speeds. The BSU-49 fin is a replacement for the Mk 15 fin for 500 pound bombs, while the BSU-50 fin is for the 2,000 pound bomb. This year's request is to provide an incremental buildup of WRM stocks and to replace WRN stocks of less effective Mk 15 fins which will be consumed in peacetime training.

Laser guided bomb kits.—Our request for 3,500 laser guided bomb kits continues low rate production of this item. It consists of the improved laser guided bomb kits that incorporate new design seeker and guidance modules. The improved design allows lower altitude release of the weapon and provides for increased range and accuracy. This redesign extends the original weapon's accuracy for low altitude releases and improves adverse and under-the-weather employment capability.

GBU-15.—This year's request for 300 television guided and 300 imaging infrared guided GBU-15 weapons is to provide for a further increment buildup to our WRM stock of this highly capable precision stand-off weapon. The GBU-15 is the most capable guided bomb available today. It provides the ability to either acquire the target before or after launch providing unparalleled targeting flexibility. The data link, incorporated in the weapon system, allows the aircrew to acquire the target after launch and to update the designated target after release prior to impact. The GBU-15 will be used to attack the most heavily defended high priority targets where delivery of other weapons would require exposure of the aircraft to these defensive systems. TV guided weapons are planned for daytime attacks and imaging infrared guided weapons will be used at night and in some types of adverse weather. The AGM-130, a powered version of the GBU-15, is being developed for use against targets that require even greater standoff ranges than the GBU-15 can provide. The fiscal year 1985 procurement will increase our stockpile of this weapon by approximately 60 percent.

Practice bombs.—The BDU-33 and Mk 106 practice bombs are used as low cost simulators for general purpose bombs and nuclear weapons. These small practice bombs simulate the ballistics of the full-scale weapons at a fraction of their cost. They can be used on smaller ranges closer to our airfields, reducing training costs while providing accurate simulations for assessing aircrew delivery performance and tactics. Approximately 44 percent of these practice bombs are required for Air Force Reserve and Air National Guard requirements.

Gator mines.—This program has been significantly restructured to reflect the congressional reduction to the fiscal year 1984 program. As a result of this reduction, fiscal year 1985 planned program was also reduced. The combined reduction due to the lower fiscal year 1984 funding level has resulted in 5,000 fewer weapons being produced and increased unit costs by 23 percent. This year's request provides for a follow-on low rate production of 4,144 of the CBU-89 version of the Gator mine system. The Gator mines are members of the Family of Scatterable Mines (FASCAM) developed by the Army for use against armor columns. The Gator air delivered mines complement the Army's artillery delivered and mechanically implaced versions. The CBU-89 is a 750 pound tactical munitions dispenser filled with both anti-tank and anti-personnel mines that produce an air delivered minefield capable of channeling, delaying, disorganizing, or destroying armored columns. The anti-personnel mines are scattered among the anti-tank mines to delay mine clearance. The anti-tank mines are capable of penetrating the belly armor of currently deployed tanks. The CBU-89 has also been tested as an airbase closure weapon. It doubles the time required for recovery teams to repair cratered runways and can be used in combination with the Durandal to slow enemy sortie production. The CBU-89 has successfully completed initial operational test and evaluation and has been approved for low rate production. This year's planned procurement rate is based on prior year's investments in Army facilities projects and testing. Procurements at lower rates will increase unit prices excessively and waste the investment we have made in research, development, and facility costs.

Combined effects munition.—The Combined Effects Munition (CEM) is a 1,000 pound free fall cluster munition consisting of a Tactical Munitions Dispenser filled with 202 Combined Effects Bombs (CEBs). The dispenser spins up, following release from the delivery aircraft, and provides dispersion for the CEBs. The CEB contains a shaped charge for anti-armor effectiveness, a fragmentation case for use against materials or personnel, and a zirconium ring for incendiary effects. This year's CEM request is for 10,446 units. As with the Gator mine, production at this rate is necessary to meet minimum near-term goals for wartime sustainability and to efficiently utilize our investment in Army facilitization projects and Air Force special purpose tooling for the CEM. This procurement marks a significant beginning toward rebuilding our WRM stockpile with current technology weapons.

OTHER ITEMS

This category includes infrared countermeasures flares, nuclear weapons trainers and parachutes, explosive chaff packages, the rapid munitions assembly system, spares and repair parts, and modifications of in-service equipment.

Infrared countermeasure flares.—The RR-119, MJU-2/B, MJU-7/B, MJU-10/B, and M206 infrared countermeasure flares are used to decoy air-to-air and surface-to-air heat seeking missiles away from aircraft. Each flare is designed to mask the heat or infrared signature of the associated aircraft long enough to decoy the missile and cause it to follow the flare rather than the aircraft. The MJU-7/B is used by the F-4 and F-16, and the M206 by the A-7 and A-10 aircraft. The MJU-10/B flare is used for the F-15. All these flares fit in the ALE-40 and ALE-45 modular chaff/flare dispensers fitted to these aircraft. The RR-119 flares are designed for use in the internal chaff and flare dispensers of the F-111 aircraft. The MJU-2/B is used with the internal chaff, flare, and photoflash dispenser in the RF-4C. Most countermeasure flares are being procured for WRM stocks, the remainder are for peacetime training.

MC-3468 retard device.—The request for MC-3468 parachute retardation devices for the B-83 weapon system provides parachutes and installation hardware for war reserve weapons and for periodic stockpile sampling. The MC-3468 is a large, high performance parachute designed specifically for B-83 application. The parachute system incorporates explosive deployment, a reefing action to provide a specifically tailored trajectory and final impact velocity to the bomb. This trajectory allows the weapon to be released at very low altitudes and high speed while providing stable ballistics and low impact velocity.

Rapid munitions assembly.—The Rapid Munitions Assembly System is a modular, mobile kit of weapons handling and assembly equipment that can be rapidly assembled anywhere in the world to convert bomb assembly operations into an assembly line operation. The system can be airlifted on one standard munitions trailer. The system is assembled from off-the-shelf components and is powered by a standard Air Force portable air compressor. It includes A-frame hoists and conveyor roller sets to automate bomb build-up, fuzing, and bomb rack preloading operations. The Rapid Munitions Assembly System is a mobile version of the large preload facilities used in Southeast Asia during the Vietnam conflict and is similar to the simple equipment used by other Air Forces to speed aircraft turnarounds in combat. We have requested funding to procure 23 systems in fiscal year 1985.

Spares and repair parts.—The spares and repair parts requested are for an initial stock of spare parts for weapons, specialized test sets, and handling equipment being requested this year and to replenish spare parts stocks for items procured in prior years.

Modifications.—Funds requested for modifications to in-service equipment are primarily required to update nuclear training weapons to the latest service configurations. These modifications are required to provide realistic training equipment for maintenance and loading personnel.

FUZES

This year's fuze request is for one general purpose bomb fuze.

FMU-112/139.—The FMU-139 common bomb fuze is a joint service (Navy/Air Force) fuze currently in development. Our fiscal year 1985 request is structured to produce 56,350 FMU-139 fuzes. This fuze procurement is a medium rate production program leading to full rate automated production in fiscal year 1986. There are no plans to continue FMU-112 production in fiscal year 1985 or beyond unless the FMU-139 fails or deliveries slip significantly.

OTHER WEAPONS

The other weapons category includes handguns, machine guns, and grenade launchers. The items in this category are the only items in the Air force Other Procurement Appropriation that require specific authorization. This year's request reflects the continuation of the programs initiated last year to improve the capabilities of our airbase defense forces in response to increased terrorist threats and the joint service program to replace current handguns with a standardized 9mm pistol.

Airbase ground defense and ground launched cruise missile defense weapons.—The 848 M203 40mm grenade launchers, 296 M60 machine guns, 24 81mm Mortars and the 245 Mk 19 Mod 3 40mm grenade machine guns provide the high volume and suppressing fire coverage for Air Force security forces defending overseas airbases and nuclear weapons storage facilities. These weapons are part of the overall program to improve the equipment for these airbase defense forces to defend against terrorist attacks or lightly armed military forces likely to threaten rear areas in a general war. In addition, 539 GAU-5 machine guns are requested for special operations forces and combat controllers. Some GAU-5s are to replace losses sustained in the Grenada operation.

9mm handguns.—The 8,500 9mm handguns requested are the second year's planned procurement for the Air Force of the joint service common handgun. The Army is the lead service in selecting a standard 9mm handgun for use by all services.

The Munitions and Associated Equipment Program is a keystone of the Air Force effort to increase the readiness of our combat forces from the low levels of the recent past. It provides for the most rapid, prudent growth of our WRM stockpile to sustain our tactical forces in combat using modern, effective weapons necessary to meet current and near term future threats to our national security. Without these items, the billions of dollars spent in equipping and maintaining the Air Force will have been largely wasted, since they will have to face an enemy with too few modern munitions and insufficient training to make full use of their capabilities. The need for ready forces has been clearly stated by the President, Congress, and senior civilian and military leaders. The requirement for sustaining stocks of modern munitions and the training munitions necessary to develop and maintain the capability to employ these weapons and their delivery systems is paramount to our combat capability. I recognize that many of the items in this request are neither glamorous nor are they all ideal. Each is required to meet the goal, each is a part of the best combination we could find to meet the objective of maximum effectiveness at the minimum cost. None are the ultimate in effectiveness, few are the cheapest possible. They all are compromises to one degree or another. We have spent many months agonizing over the tough decisions necessary in formulating this program. Some say wait for new technology to provide less expensive or more effective answers, others say buy more of what is available today. The program we have presented to you is neither of these extremes; it provides a balance of new technology and maintains the production base for current munitions in the most prudent program we could devise backed by the most rigorous and sophisticated analysis of all the needs that must be met.

Mr. Chairman, this concludes my prepared statement.

Senator HUMPHREY. General Pihl?

STATEMENT OF MAJ. GEN. DONALD S. PIHL, DIRECTOR, COMBAT SUPPORT SYSTEMS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR RESEARCH, DEVELOPMENT, AND ACQUISITION, DEPARTMENT OF THE ARMY

General PIHL. Thank you, Mr. Chairman.

It is a pleasure to appear before your committee again. I was here last fall on an ammunition special hearing. Since that time I am able to discuss a few modest improvements in our ammunition posture which I will outline for you in the charts that will follow.

FISCAL YEAR 1985 BUDGET

	Fiscal year —						
	1983	1984	1985	1986	1987	1988	1989
R&D	117.1	122.8	168.9	226.9	234.1	243.0	204.9
Hardware	1,734.0	¹ 1,775.1	2,191.8	2,731.4	3,316.7	3,980.8	5,094.9
Production base	389.5	¹ 164.8	302.2	325.5	569.8	669.2	709.5

¹ Congressional actions reduced ammo hardware by 226.9; production base by 127.2.

Sir, this is the fiscal year 1985 budget request as shown working back in time to fiscal year 1983 and fiscal year 1984. It is a total not counting RDT&E of \$2,494.0 million.

Then it shows the outyears as we project the Army budget. I will amplify that in the next chart.

FISCAL YEAR 1985 AND PRIOR-YEAR FUNDING PROFILE

[In millions of dollars]

	Fiscal year—				
	1981	1982	1983	1984	1985
Budget request	1,513.5	2,444.5	2,639.0	2,334.2	2,494.0
Appropriation	1,531.0	2,322.6	2,115.4	1,980.1	
	+ 17.5	- 121.9	- 523.6	- 354.1	

This is the history up until the fiscal year 1985 time. I have already addressed the \$2,494.0 million. It shows the difference between request and that which was appropriated and the trends in ammo that have occurred over time for the Army.

We certainly would like to reverse that trend in fiscal year 1985, but at the present time we also have a hashmark which takes a significant chunk of dollars out of the budget at this point in time.

AMMUNITION OVERVIEW—FISCAL YEAR 1985 BUDGET

Fiscal year 1985 ammunition budget request

\$2,494.0 million (\$2,191.9 hardware plus \$302.2 production base).

Fiscal year 1985 request represents a 7% increase over the fiscal year 1984 request (\$2,494.0 vs \$2,334.2).

Fiscal year 1985 request represents a 26% increase over the fiscal year 1984 appropriation (\$2,494.0 vs \$1,980.1).

Increase readiness

Provides additional funds for training ammunition.

Increases war reserve stocks.

Contains funds for smart munitions.

Modernization/expansion/maintenance of the production base.

Balanced program

Available funding: Balance mix of war reserve/training ammo and production base support; maintains warm production base of key items.

Procurement of both improved conventional munitions and smart munitions.

Sir, this is ammunition overview, some amplifying comments on what the \$2,494.0 million buys in terms of readiness.

First of all, there is an increase in funds for training ammunition and I will address that in a later chart.

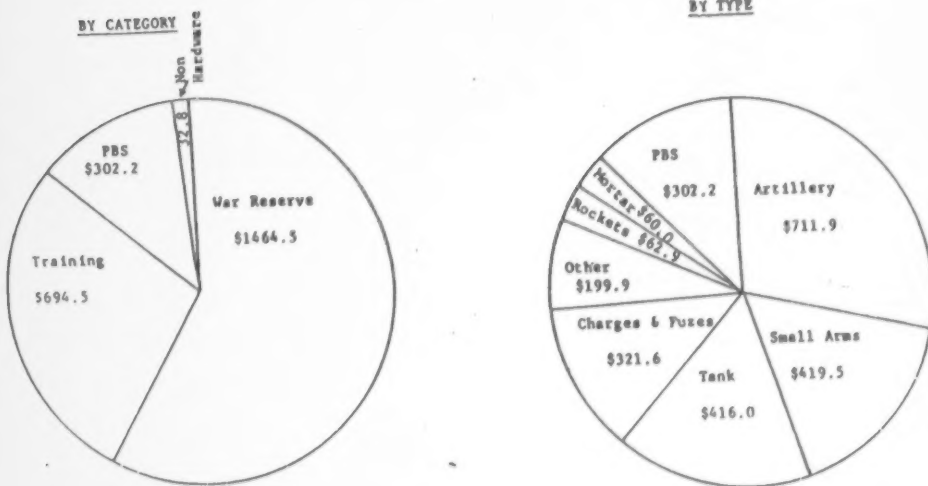
We do increase our war reserve stocks by [deleted] for the Army. It does contain for smart munitions, Copperhead funded for \$102.8

million, and we have modernization and expansion and maintenance of the production base and a major new start for the Army which addresses our propellants and explosive base.

We think it is a reasonable mix between training and war reserve while it is not all that we would like to have in either of the accounts.

PROCUREMENT OF AMMUNITION, ARMY - FY 85

(\$ M)



Sir, this is just a pie chart that shows the mix. It shows the production base, training and war reserve mix within the \$2,494.0 million for the Army and over on right the artillery production base, mortar, rockets, other, tanks, and small arms.

I would like to call to your attention the charges and fuzes column, \$321.6 million. In two previous fiscal years, the Army have been out of balance in fuze, charges, and rounds.

In our program objective memorandum that follows this budget we have rebalanced our fuzes to where we have 105 to 100 percent in terms of fuzes and prop charges for each of the rounds, so we have fixed that in this budget.

TRAINING AMMUNITION REQUIREMENTS, AUTHORIZATION, EXPENDITURES, AND FUNDING PROFILE

(In millions of dollars)

	Fiscal year—							
	1982	1983	1984	1985	1986	1987	1988	1989
Requirement ¹ ^a	980.0	1,299.8	1,193.7	1,321.4	1,610.6	1,707.0	1,770.8	1,822.6
Authorized ³	777.2	748.8	981.1	969.9				
Expended	724.6	710.8						
Funded ⁴	724.2	652.1	526.0	694.5	817.2	1,025.3	1,092.2	1,229.4
Unfunded/inventory drawdown			-455.1	-275.4	-793.4	-681.7	-678.6	-593.2

¹ Fiscal year 1982/83 data reflect Training Ammunition Authorization Committee (TAC) requirements.

² Fiscal year 1984/89 data reflect latest Standard in Training Commission (STRAC) requirements.

³ Fiscal year 1986 and beyond authorizations have not been identified to date.

⁴ Data reflects fiscal year 1985-89 budget funding.

Sir, this is the training story to amplify the last part on the pie chart.

Our STRAC requirements study puts up a total requirement of \$1321.4 million for the Army. We then constrain that based on the realities in the field such as limited training and mostly because of personnel turbulence and inability to prove all the tanks.

Then at that funding level, \$694.5 million, we show a shortage right now in our fiscal year 1985 training requirements of \$275.4 million.

I want to point out that we are prepared to go into our war reserve stocks for \$103.0 million worth of that amount to fire live munitions and then if we were to increase up to our authorized training level, we need to increase that by another \$172.0 million to fix that.

Because of your active interest in training last year, I have taken the liberty to bring with me the G-3 of the 1st Cavalry Division and from a user perspective, should that opportunity arise, I can have the plans officer describe to you how he uses the ammunition on an annual training basis.

RDX/HMX

Modernize Holston AAP: Provide additional capability; balance finishing capability; productivity improvements.

New HMX process—MUSALL: Direct nitration; pilot plant; 500K/mo capability.

RDX Bachmann plant: 4.5/MO capability; second source.

Conversion RDX/HMX: Meet current requirements; Navy/Trident.

Stockpile RDX/HMX: 150M lbs.

Sir, this is the propellants and explosives, RDX and HMX. At this point in time, the high-melt explosives are made at the Holston ammunition plant at Kingsport, TN. We have a plan in the Army right now to increase the mobilization capability for both products, both RDX and HMX.

We have two components to that, a new design process for high-melt explosive which we think will be a pure nitration of the chemical so that we will get a higher energetic product that we can use in a major missile system such as Fragment, MX, and we will also increase our Bachman process by adding an additional facility to that which exists at Holston, TN.

The idea there being to reduce our vulnerability since we have a single site. Because we have looked at the Navy Trident requirement as a single manager, we also have to increase our current HMX capacity and the budget contains a request to convert one of the lines at Holston from RDX to more HMX so that we can expand our capability.

The reason why the new HMX process will not catch up and we have to do that is because we have the certification of the new HMX for the Navy and it takes about 3 years to facilitate this before we can bring such an activity online.

Finally, out of our increased capacity we think that the long pole in the tent for mobilization, as far as propellants and ammunition are concerned, can be addressed by stockpiling some of that product.

RDX/HMX

	1983	1984	1985	1986	1987	1988	1989	1990	1991
Modernization of Holston		5	24	25	26	27	4		
Stockpile		33	34	58	66	66	66		
RDX/HMX conversion		8	20	1					
HMX process demonstration	3								
HMX Scaler Pilot Plant		21							
HMX Musall Plant			11	11	70	100	91	68	38
RDX Bachmann Plant						38	149	116	71
Total	3	67	89	95	162	231	310	184	109

This is the budget area flow for the \$887 million that is contained inside this part of the chart, fiscal year 1985 to fiscal year 1989, to modernize Holston, do the stockpiling, convert that line I talked to you about down at Holston, TN.

The new HMX process demonstration and pilot plant are finally followed by an actual manufacturing capacity for the new HMX and finally the additional Bachmann facility for 4.5 million pounds coming on in the 1988 time frame. This is preceded by \$3 million we have in the 1983 budget.

We have congressional joint conference language in the appropriation that forbids us to spend any of that money until we submit a master program and there is a \$67 million program for 1984 which we have forwarded to the Congress. [Chart deleted.]

I might conclude with my chart on sustainability. Sir, this is the days of supply. On the top it is a dollar-based activity. I talked to you about the difference between fiscal year 1984 and fiscal year 1985.

I said we would increase by [deleted.]

Below it shows supplies by theater. This is in tons. It is a little difficult to work tons up to a dollar base idea, but it gives you a feel for what is in stock in the theaters.

To get in line these numbers to make it meaningful to you, I want to show it to you by rounds, which is my last chart. [Chart deleted.]

Here is the fiscal year 1984 to fiscal year 1985 increase in days of supply by category of ammunition, small arms, mortars, tanks, artillery and our mine-counter-mine system and our light multipurpose assault weapon.

Senator HUMPHREY. You don't have a column for how much you need.

General PIHL. No; I do not because in all cases we are short of the requirements by that year. We should be [deleted] by the end of the fund delivery period. So, in all cases we have not met that.

I do want to call to your attention some of the turndowns. All of these are improving situations with the exception of the small arms in the 5.56 mm area. The reason for this reduction is we are having problems with the automated 5.56 SCAMP facility.

Senator HUMPHREY. I am interested in fiscal year 1983 and fiscal year 1984. Are all those up over fiscal year 1983?

General PIHL. Yes, sir, they are. I can show you that information, but I don't have a slide on it.

The other turndown is in the 4.2 mortar program. We lost [deleted] of supply. The Defense Department took those. We are trying to get that restored in the next budget.

Sir, that concludes my briefing and my prepared statement.
[The prepared statement of General Pihl follows:]

PREPARED STATEMENT OF MAJ. GEN. DONALD S. PIHL

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before this subcommittee today to discuss the Army's ammunition program.

The fiscal year 1985 budget contains \$2,494.0 million for procurement of ammunition hardware and support of the ammunition production base. This is an increase of \$513.9 million over our fiscal year 1984 appropriation and an increase of \$378.6 million over our fiscal year 1983 appropriation. However, the fiscal year 1984 and fiscal year 1983 appropriations were 15.2% and 19.8% less than the amounts requested for those years. The fiscal year 1984 and fiscal year 1983 reductions will result in further curtailment of training for our soldiers and additional delays in increasing our war reserve stocks. Comparison of our fiscal year 1985 request with prior year appropriated programs is as follows:

Fiscal year:	Millions
1982.....	\$2,322.6
1983.....	2,115.4
1984.....	1,980.1
1985.....	2,494.0

Before discussing this year's budget, I would like to briefly describe how the Army determines its ammunition budget.

The Army needs ammunition for both war reserve and training. War reserve requirements are based on computer calculations of ammunition consumed by appropriate force structures during different contingency scenarios. Precise quantities of ammunition needed for training are determined from carefully structured training strategies required to attain and maintain readiness. The total budget is then formed from the cost of that ammunition required for war reserve contingencies and that ammunition required to support high priority training for our soldiers.

The Army continues to emphasize buildup of war reserve inventories to support contingencies and maintenance of the active base until mobilization actions energize and expand the total base for providing the necessary sustained support. Measured in consumption days of supply, this budget will add several days of supply of war reserve stocks.

The fiscal year 1985 ammunition budget request consists of \$2,191.8 million for hardware and \$302.2 million for production base support.

AMMUNITION HARDWARE

Ammunition hardware provides for worldwide training consumption through the fiscal year 1985 funded delivery period, procurement of modern hardware, and buildup of war reserve stocks toward the authorized acquisition objectives. The hardware request is broken out into the following categories:

Category	Millions
Training.....	694.5
War reserve.....	1,464.5
Nonhardware.....	32.8
Total.....	2,191.8

Funding in support of training is 31.6% of the ammunition hardware budget request, whereas war reserve funding is 66.8%.

The hardware request broken down by type is 32% for artillery, 19% for small arms, 19% for tank, and 15% for propelling charges and fuzes. The remaining 15% is miscellaneous (mortar, atomic material, non-hardware, etc.).

(Dollars in millions)

Type of ammo	Amount	Percent
Artillery.....	\$711.9	32
Small arms.....	419.5	19
Tank.....	416.0	19
Prop Chg and Fuzes.....	321.6	15
Miscellaneous.....	322.8	15
Total.....	2,191.8	100

Now let's address each one of these "types of ammunition" briefly.

ARTILLERY

Almost all of the \$711.9 million is essential to provide a war reserve buildup of new, modernized 155mm and 8-inch artillery rounds.

The projectile, 155mm, HE, ICM, DP (high explosive, improved conventional munition, dual-purpose), at \$252.0 million and the 8-inch version, at \$146.5 million, account for 56 percent of the funding requested for artillery ammunition. These are the new improved rounds used against personnel, vehicles, and light armor.

\$96.7 million is requested for the 155mm RAAMS or "remote anti-armor mine system" projectile. \$64.8 million is needed for the 155mm ADAM or "area denial artillery munition" projectile. These two artillery rounds can lay down a small mine field targeted either against personnel-type targets or anti-armor targets.

\$102.8 million is requested for the 155mm, HE, Coperhead. This round is the Army's only precision guided projectile capable of destroying specific hard-point targets, such as tanks, with a high probability of kill.

\$22.6 million is requested for the 8-inch, HE, RAP round. The RAP (rocket-assisted projectile) is a high explosive round with a rocket motor attached to the projectile base which extends range capability.

\$12.5 million is requested for the 155mm, WP Smk Screening. The white phosphorous provides 5-10 minutes of ground screening smoke.

\$13.0 million is requested for advanced procurement on the projectile 155mm binary munition. Binary chemical munitions provide for separation of two nonlethal components until the munition is fired or launched. Mixing of the separate components to produce a lethal chemical agent occurs while the munition is in flight to the target.

SMALL ARMS

\$92.1 million is requested for 40mm Sgt York/Divad Gun ammunition in 3 configurations: (1) An HE point-detonating round; (2) An HE proximity-fuzed round; (3) A target practice round for training.

\$79.2 million is requested for 5.56mm ammunition to include rounds for the Squad Automatic Weapon system (SAW). The SAW 5.56mm bullet has a steel conical insert in the ogive which results in an increased range.

\$116.7 million is for 25mm ammunition in 2 configurations: (1) An HE incendiary tracer, and (2) An armor piercing, discarding sabot tracer.

\$25.4 million is requested for two types of 30mm ammunition, an HE dual purpose round and a target practice cartridge. Both are used in the XM230 gun system mounted on the AAH-64 advanced attack helicopter.

TANK

The funds associated with 105mm tank training and war reserve ammunition requirements are for rounds fired from the main gun cannon mounted on tank models M1, M60, M60A1, M60A3, and M48A5. The budget includes ammunition for the new 120mm gun system on the M1 Abrams tank. The training rounds are needed to support annual tank qualification/familiarization firing. The funds for war reserve purchase 105mm and 120mm armor-piercing, fin-stabilized, discarding sabot with tracer (APFSDS-T) and 120mm high explosive anti-tank, multi-purpose, tracer (HEAT-MP-T). The APFSDS-T cartridges, which have increased capability and reliability, will replace the older version of armor-piercing, discarding-sabot ammunition. APFSDS rounds are intended for use against armor targets. The HEAT-MP-T rounds are multi-purpose and are effective against both armor and fortifications.

PROPELLING CHARGES AND FUZES

Charges.—Funds of \$228.7 million are requested for 155mm and 8-inch propelling charges in support of war reserve buildup requirements and training. The 155mm White Bag M119 charge provides mid-range in the M109 series self-propelled howitzers. The 8-inch WB M188E1 charge provides extended range in the M110A1 self-propelled howitzer.

Fuzes.—The proximity and mechanical time fuzes are required to complement on-hand projectile assets at the end of the fiscal year 1985 funded delivery period. Proximity fuzes are required for use with 4.2 inch mortars and 105mm, 155mm, 175mm, and 8-inch projectiles. The mechanical time fuze program supports inventories and planned procurement programs of the new ICM/ADAM/RAAMS family of munitions.

MISCELLANEOUS

Procurement of 4.2 inch mortar ammunition is for smoke rounds used in the M30 mortar. Funding supports both war reserve and training requirements.

Planned procurement of the Improved 81mm Cartridge is for the High Explosive (HE), Illuminating (Illum), and Smoke rounds. This improved ammo is fired from the UK mortar which is smoothbore and provides increased range, lethality, rate of fire, and stability over the U.S. M29A1 mortar.

ATOMIC MATERIEL

Funds of \$9.8 million requested provide nuclear weapons support materiel.

NONHARDWARE

Two line items components for renovation at \$10.9 million and components for prove-out at \$10.9 million, are the major programs in this category. Components for renovation funding provides for procurement of ammunition components required for use in renovation of unserviceable assets currently in inventory. Components for prove-out funding provides for confirmation and acceptance of prior year production base modernization and expansion projects to ensure that: (1) the manufacturer is capable of producing an acceptable end product, (2) the manufacturer's warranties are met, and (3) the facility is capable of producing at the design rate specified.

AMMUNITION PRODUCTION BASE

The Ammunition Production Base fiscal year 1985 program of \$302.2 million has as its principal thrust the continuation of prior year initiatives. In accordance with department of defense guidance, the Army is emphasizing procurement of war reserve stocks and financing only those production base projects needed to meet peacetime production requirements. The following summarizes our ammunition production base request.

	<i>Millions</i>
Provision of industrial facilities.....	\$282.2
Layaway of industrial facilities.....	20.0
Total	302.2

The fiscal year 1985 budget includes \$32.0 million to support production and replace equipment at 16 active ammunition production plants.

A total of \$250.2 million is requested for initial production facilities and modernization and expansion projects, which establish the production base capability to produce the new and more effective modernized ammunition items. New production capability is being established or expanded for RDX/HMX based explosive and propellants manufacturing capabilities, combined effect munitions (CEM), tactical munitions dispenser (TMD), members of the family of scatterable munitions (FASCAM) and Bigeye chemical bomb munitions. Also included is an interim nitramine gun propellant facility and upgrade of facilities in support of navy battleship program. These projects are needed to permit the introduction of these modernized items into the DOD inventory with the resultant increase in the readiness and effectiveness of our combat forces.

Five projects totalling \$55.0 million are to modernize and expand the RDX/HMX based explosive and propellant manufacturing capabilities. Three projects totalling \$42.0 million provide facilities for chemical binary munitions. Two facilities are included in support of the Navy Bigeye bomb, one for load, assemble and pack at Pine

Bluff Arsenal and a commercial facility for the manufacture of QL (chemical component in binary munitions). A third facility is for the manufacture of Bigeye bomb metal parts at a commercial facility. The family of scatterable mines (FASCAM) program in the amount of \$5.9 million provides for expanded capability to load, assemble, and pack the GATOR and equipment and tooling to supplement metal parts production.

In addition projects are included for nitramine gun propellant facility (\$3.0 million), expansion of production capacity for tactical munitions dispenser (TMD) facility (\$17.2 million), expansion of the combined effects munitions load, assemble and pack (LAP) facility (\$10.0 million), support of 81mm mortar ammunition (\$8.0 million) and an interim nitramine gun propellant facility (\$3.0 million). The balance of the program is made up of a classified project for \$64.4 million and 14 projects less than \$3.0 million each in support of small caliber ammunition modernization program (SCAMP), 16 inch projectile metal parts, a chemical laboratory at Louisiana, a water distribution system at Scranton, and 155mm/8 inch propelling charges.

The \$20.0 million requested for layaway is for the protection and preservation of equipment and facilities no longer required for active production, but which must be retained for future or mobilization production.

Our program does have some short falls, particularly in meeting our total training requirements; however, in the face of limited resources, we feel it is a balanced program that adds to our war reserve stock and provides the minimum assets for training.

Hardware summary

		<i>Millions</i>
Artillery ammunition:		
Projectile, 155MM, HE, ICM, (DP)		\$252.0
Projectile, 155MM, HE, ADAM		64.8
Projectile, 155MM, HE, RAAMS		96.7
Projectile, 155MM, HE, Copperhead		102.8
Projectile, 155MM, WP, SMK Screening		12.5
Projectile, 8-INCH, HE, ICM (DP)		146.5
Projectile, 8-INCH, HE, RAP		22.6
Chemical munitions		13.0
14.5 Subcaliber cartridge		1.0
Total		711.9
Small arms ammunition:		
Cartridge, 5.56MM, all types		79.2
Cartridge, 7.62MM, all types		36.2
Caliber, 22, all types		1.5
Caliber, .38, special ball wadcutter		.2
Caliber, .45, all types		2.2
9MM ball		1.4
Limited range plastic ammunition		8.0
Caliber, .50, all types		34.8
Cartridge, 30MM, all types		25.4
Cartridge, 25MM, all types		116.7
Cartridge, 40MM, all types		113.9
Total		419.5
Tank ammunition:		
Cartridge, 105MM, TP-T (target practice-tracer) (training)		72.5
Cartridge, 105MM, DS-TP (discarding sabot-target practice) (training)		100.6
Cartridge, 105MM TPCSDS-T (target practice, cone stabilized, discarding sabot-tracer) (training)		48.0
Cartridge, 105MM, APFSDS-T (war reserve)		58.9
Cartridge, 120MM, TP-T (training)		30.5
Cartridge, 120MM, TPCSDS-T (training)		52.7
Cartridge, 120MM, APFSDS-T (war reserve)		20.9
Cartridge, 120MM heat (high explosive anti-tank) (war reserve)		31.9
Total		416.0
Training ammunition		(304.3)

War Reserve	(111.7)
Propelling charges:	
Charge, prop, 155MM	198.3
Charge, prop, 8-inch	30.4
Total	228.7
Fuzes:	
Fuze, proximity	47.7
Fuze, mechanical time, super quick	4.8
Fuze, mechanical time	40.4
Total	92.9
Mortar ammunition:	
Cartridge, 4.2", smoke	10.2
Cartridge, 81MM, improved (illum)	2.2
Cartridge, 81MM, improved (smoke)	3.3
Cartridge, 81MM, improved (HE)	29.4
Cartridge, 81MM, improved full RNG, (TNG)	7.9
Cartridge, 81MM, Sabot, inert (TNG)	0.7
Cartridge, subcaliber, .22 practice charge	6.3
Total	60.0
Atomic material	9.8
Other ammunition:	
Signals, all types	26.7
Demolition munitions	10.8
Simulators, all types	14.1
Rockets	62.9
Stockpiling of explosives and propellants	33.9
Hand grenades, all types	14.1
Mines	30.7
Nitroguanidine	23.2
Cartridge, 25.4MM M839 decoy	1.1
File destroyer, incendiary	.3
Document destroyer, incendiary	.3
Ammo 9WW/ELT	1.7
Cartridge, impulse M796	.4
Total	220.2
Non-hardware:	
Components for special tests	1.8
Components for renovation	10.9
Components for prove-out	10.9
Components for director of civilian marksmanship	.7
Spares and repair parts	.1
Weapon components in support of ammo proof and acceptance testing	1.5
Malfunction investigation	.9
USAMTU Fort Benning	.7
9th inf div high tech test bed	5.0
9MM high pressure test	.3
Total	32.8
Hardware total	2,191.8

PRODUCTION BASE SUPPORT SUMMARY

	<i>Millions</i>
Provision of industrial facilities	282.2
Layaway of industrial facilities	20.0
Total	302.2
Fiscal year 1984 ammunition budget grand total	\$2,494.0

Senator HUMPHREY. Senator Dixon, do you have questions?

Senator DIXON. No, I don't think so.

AMMUNITION FUNDING PROFILE

Senator HUMPHREY. General Pihl, does the current fiscal year 1985 to fiscal year 1989 ammunition funding profile meet the OSD defense guidance for war reserve inventory?

General PIHL. [Deleted.]

In terms of all lines and days of supply, I believe I am correct, I fall [deleted].

So, by the fiscal year 1988 goal of [deleted].

So, I am [deleted].

Senator HUMPHREY. Have we been making progress in recent years on this?

General PIHL. [Deleted.]

Senator HUMPHREY. That is what you are asking for and I hope you get it. That is not really of much comfort to me. Somehow that stuff never materializes.

How have we been doing through fiscal year 1984 in the last couple years?

Are we making progress?

General PIHL. Sir, in [deleted].

To go back to [deleted].

To back off to [deleted].

Senator DIXON. Again, you are making your greater gains in those outyears rather than what is contemplated by this budget. I guess that is what the chairman meant to develop. Is that correct?

General PIHL. That is correct, Senator.

One of the reasons for that, if I may follow up, as General Hansen indicated, one of the ways in which we are measured is the rate of growth in our ramps and in our production.

We see a 26-percent increase in the budget for fiscal year 1984 to fiscal year 1985 for our fully modernized rounds. Yet when goals are set like limiting the growth in the budget to 7 percent, there are analysts who say that is the amount that ammo ought to grow, 7 percent. So that the money is taken out in that kind of growth rate analysis.

Senator HUMPHREY. Are these the first war stoppers you are going to run into?

General PIHL. Ammunition, sir?

Senator HUMPHREY. Yes.

General PIHL. In terms of our readiness to go to war?

Senator HUMPHREY. In terms of fighting?

General PIHL. [Deleted.]

Senator HUMPHREY. We will go to open session now.

[Whereupon, at 3:40 p.m., the subcommittee proceeded in open session.]

OPEN SESSION

The subcommittee proceeded in open session at 3:46 p.m., in room SR-232A, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Quayle, Levin, and Dixon.

Staff present: Michael B. Donley, and John G. Campbell, professional staff members; Brenda K. Hudson, assistant chief clerk; and Lisa M. Tietge, staff assistant.

Also present: Mark J. Albrecht, assistant to Senator Wilson.

AMMUNITION PRODUCTION BASE

Senator HUMPHREY. General Pihl, the February 1983 GAO report entitled "Observations Regarding the Ammunition Production Base" highlighted several problems with the base and OSD concurred with those observations.

What actions have been taken to address those problems?

General PIHL. Sir, at the present time within the ammunitions production base study we have a \$58.7 billion national problem to modernize the ammo base. We have looked at putting a mobilization funding wedge into the budget.

I have General Hissong with me today who is the Executive Director for Conventional Ammunition who represents the single service manager.

We do not yet have the projects definitized that will go into the improvements that are needed in terms of fixing up the base. We are working on a plan to implement the study that we have done.

In the current POM, fiscal year 1986 to fiscal year 1990, we have not yet started to fund those deficiencies. The needs are \$2.3 billion from fiscal year 1985 to fiscal year 1989 for peacetime and another \$1.3 billion from fiscal year 1990 to the year fiscal year 2000, the mobilization needs are staggering, \$31.8 billion in fiscal year 1985 to fiscal year 1989 and \$23.3 billion from fiscal year 1990 to fiscal year 2000.

In short, sir, we recognize we have a very serious problem. There is a \$1.25 billion GAO identified backlog in our ammunition plants right now in terms of voids in our lines. We tried to fix that at a very modest rate, about \$30 million a year, and that did not achieve a sufficiently high priority within the balancing of our budget to get funded.

To make a long story short, we have not yet moved out with the problem.

Senator HUMPHREY. What is winning out over the ammunition account and funding of the base, manufacturing base, production base?

General PIHL. Sir, in terms of balancing, it is the amount that goes into our war reserve stocks, the amount that we set aside for training, and then the production base to date essentially represents what we do to facilitate for new modern munitions coming into the inventory.

We try to keep a warm base for all our ammunition lines that are in the active inventory. We keep our production account as modernized as possible to include the line we are bringing on in Mississippi to do the 155mm HE ICM M483.

It is the inactive base, those other 13 plants, most of which are laid away that have the great bulk of deficiencies. So, I would say the readiness to go to war in terms of our current force and our current active capacity to produce ammunition has a higher priority than our mobilization.

Senator DIXON. Mr. Chairman, if I may, I guess I am compelled to ask whether you think that the schedule you have laid before us, in all fairness, General, is one the standards of which you reasonably expect to meet in view of the fact that your growth in days of supply has been by actual experience in the last several years.

I wonder whether your ambitions will meet the test when you go back to the bargaining table with your colleagues and come back before my colleague, the chairman, and myself again concerning your ammunition needs.

Could you respond in a realistic way to that?

General PIHL. Yes, sir, I can.

My task right now is to stabilize the Army ammunition base. I have taken several initiatives to do that. The criterion I have worked with for the Army is to do several things.

One, to have all our plants operating between minimum sustaining rate and to produce greater than 70 percent of our training requirements, to have greater supply for all our key war stoppers.

Now, I am talking about the minimum stability level, that is, to be able to workload our plants to produce those levels so our fuzes, prop charges and rounds are in balance, and so that we are contributing equally to our training needs as well as our war reserve needs so that the core of the ammunition program is together.

I have gotten to the point now where I can't manage that process manually any longer, so I have modeled the ammunition base so that I put the kind of trigger points I need to work the plants in the field so we do that smart.

Right now the funding of our ammunition plants is very sporadic. That is why the conventional ammo working capital fund is not yet as efficient as it ought to be to get the best buy for our money in terms of rounds.

We can buy more rounds for the dollars we have by making the process entirely more efficient than it is right now.

Having said there is a core level within which is our minimum sustaining capability, we will then compete as hard as we can based on our own efficiency for those additional days of supply we need in order to meet the defense guidance.

I am optimistic that if our pricing policies, and our contracting policies are sound, and we are in an environment where we are getting the best value for our dollar, we will not have the kind of cuts that occurred to us in the past because of the inefficiencies, production ramps, and unstable rates.

I am working very hard on that, sir.

Senator DIXON. I congratulate you for that.

I take it that the bottom line is that you are suggesting to the chairman and myself that you feel that is not an overly ambi-

tious schedule that you have stated here in your testimony and this chart that we have here before us on the question of days of supply for the outyears I am particularly interested in, that is to say, fiscal year 1985, fiscal year 1986, fiscal year 1987, fiscal year 1988, and fiscal year 1989.

General PIHL. I would think it is achievable, sir, not overly ambitious. It may fall prey to the same kind of budget realities that the outyears always do.

Senator DIXON. I note, General, that as a percent of the Army budget the figures drop, do they not, in the outyears?

General PIHL. Yes, sir, they do.

Senator DIXON. Yet notwithstanding that reality, you feel that this kind of days of supply increases the kind of projection you can reasonably make to us. That is, where you experience a certain number, you think it can go to more days increase with these reductions in percent of the budget that you are allocating for ammo production base?

General PIHL. Sir, I think it can be achieved if we are able to put the kind of stability into the ammo base that we need in terms of both funding and our ability to produce those rounds out in the field.

We have done the facilitization. We have the plant equipment in place. We are producing. By the time we bring Mississippi on, as an example, it will be able to produce 576,000 rounds a year of our bread and butter pacing item, 155mm DP ICM.

We produce that at both Milan and Kansas. We have two parts producers, Chamberlain and Norris, who feed that and six grenade producers who provide the grenade for the rounds.

When that fully automated modernized plant comes online, we should be able to produce that round at less expense than we are producing it today. I think it is time for us to put a reasonable level of funding in and get on with buying those days of supply.

I won't back away from those—

Senator DIXON. I am pleased to hear your confidence in that regard.

Incidentally, you know we have an ammunition site at Joliet, very substantial acreage, hundreds of buildings that one time employed 8,000 people.

I would hope, General, that you would keep that in the forefront of your mind as another opportunity for production of additional needed ammunition.

General PIHL. Yes, sir.

Senator HUMPHREY. General, my concern comes back to this. We are always promised dramatic improvement in the outyears. When the outyear becomes the current year, it falls substantially short.

Last year when considering the fiscal year 1984 budget we were told the fiscal year 1985 request total would be \$3.4 billion. It turned out to be \$2.5 billion, roughly, a change of about \$910 million.

That happens year after year, does it not?

General PIHL. Yes, sir.

Senator HUMPHREY. Has that not been your experience?

General PIHL. Yes, sir.

Senator HUMPHREY. All these rosy projections for getting well never seem to materialize. The whole ammunition account is falling as a percentage of the total Army budget and total Army procurement budget; is that not correct, in the last 3 years?

General PIHL. Yes, sir, that is correct.

Senator HUMPHREY. Are our priorities in the right place in view of those figures?

General PIHL. Sir, I think our priorities in terms of the realities of the budget as we approach that year are in the right place. The particular \$910 million you are referring to, the Army took \$620.9 million of that out of the fiscal year 1985 column of the fiscal year 1984 budget. Defense took the other \$289.3 million.

I guess the question then comes up in very plain terms whether ammunition is a bank account or not. I certainly don't treat it that way. We try to balance it.

We have reduced the equipment that we are buying as we stretch programs out. Several of the cuts that have been taken are a reduction in the rounds that were cited for the new systems that had been planned to be brought in.

As we are taking a look at the mortars and taking a look at other programs and rates and numbers of tanks that we are buying, of course, that has a dimension that feeds back in the ammunition.

There is a complement of ammunition that goes with those systems is what I am suggesting. I am in no way trying to present a rosy picture. I think the projections are real right now in the way we do programming.

Senator HUMPHREY. Somebody somewhere is overriding your advice, apparently such that you never make the kind of progress that is presented to us and projected.

The unpleasant fact is that we are grossly, grossly deficient in ammunition production base; is that not correct, and we are making very slow progress in correcting this?

General PIHL. The production base is not all that it should be, sir, and our progress has been modest, yes, sir.

WAR RESERVE AMMUNITION

Senator HUMPHREY. What about ammunition, war reserves?

General PIHL. The amount of war reserves we are buying to put into our stocks we think we have balanced to the best of our ability within the competing needs.

It is not measuring up to the defense guidance.

Senator HUMPHREY. Inasmuch as we have three members here, maybe we should start using the clock.

Senator Quayle, do you want to ask questions at this point?

Senator QUAYLE. Yes. I have one series of questions.

I appreciate the accommodation of the chairman due to the fact I am not a member of the subcommittee. I follow your activities very closely and thank you for this opportunity.

RDX AND HMX

General Pihl, I want to follow up the discussion we had in our office a couple months ago about the RDX and HMX and the master plan for the production facility.

Where is that and when are we going to get it?

General PIHL. The master plan was forwarded to the Office of the Secretary of Defense to be forwarded to the Congress.

The Secretary of Defense and Under Secretary of the Army met last Tuesday to review the master plan. It came back to us for some fixes. There was a readdressal of a couple of the requirements we had stated in there for some of the components of RDX/HMX.

The Under Secretary of the Army has made those changes to the plan and we expect to forward it back to the Defense Department tomorrow. I anticipate its being forwarded by cover letter over the signature of the Secretary of Defense to Congress next week.

Senator QUAYLE. You are saying we will get that sometime next week?

General PIHL. Yes, sir, in that the meeting between Defense and Army has already occurred.

Senator QUAYLE. How is that going to be presented? Are you going to make recommendations of certain sites or are you letting us do this?

How is that going to take place?

General PIHL. The way the master plan is postured right now, we have the 15 sites remaining that were a part of our study after a screening down from 71 sites.

We are going to forward that to you without specific site selections for either the new HMX pilot facility or additional RDX production capability.

There are words in the cover letter of the study that say we look forward to working with the Congress in determining how the final site selections will be made.

Senator QUAYLE. That is a change then from what was discussed?

General PIHL. That is a change from what was once in the plan.

Senator QUAYLE. That we had a discussion on in my office?

General PIHL. That is correct.

Senator QUAYLE. Can you tell me what the House subcommittee has done on this issue?

General PIHL. Yes, sir. They marked zero for RDX.

Senator QUAYLE. They zeroed it?

General PIHL. Yes, sir, both in stockpiling and work to modernize Holston and do the HMX pilot facility, we had \$89 million in the budget and they marked zero.

Senator QUAYLE. What was their rationale?

General PIHL. I don't know. They had an amount of money that was, I guess, to be reduced out of the ammunition budget and they included all RDX.

Senator QUAYLE. What does that mean? What if the Senate goes along with what the House did and zeroes it?

General PIHL. That would mean that you would not modernize the Holston facility to make it capable of going from 3 million pounds to a maximum of 20 million pounds of RDX and 0.7 million pounds of HMX a month which we feel we need.

It will not do the pilot facility for the new HMX capability that I discussed with you.

You would not do any stockpiling of the product that comes from the increased capacity.

To put that for you in mobilization terms, right now this country is capable of producing 15.7 million pounds per month of RDX/HMX products. We see a mobilization need of about 100 million pounds a month should we have to go to war.

At this point in time our budget calls for achieving about 27 million pounds worth of that mobilization capability.

So, the answer is if we do not have the 3 million in fiscal year 1983 that starts the pilot facility, the \$67 million reprogramming in fiscal year 1984 and the \$89 million that is in fiscal year 1985, we will slip the RDX/HMX proposition, in my judgment, for 3 years on a one-for-one basis.

Senator QUAYLE. What does this mean in terms of which weapon systems and which missiles simply are not going to be able to function?

General PIHL. At a point in time you will not have an adequate amount of HMX to put into one of the key systems.

I guess we are back into open session now.

Senator QUAYLE. One of our key systems simply won't have the capability?

General PIHL. That is correct.

Senator QUAYLE. I would like that supplied for the record in executive session. I think it is important for the subcommittee to have.

Maybe you can in executive or open spell out the repercussions of dealing with the RDX and HMX account as the House of Representatives did, zeroing it, if we follow suit.

But if we don't, then we will have to go to conference. We will have to see where we are going on this issue and any of the specifics you can give us as to what systems will be affected will be appreciated.

Thank you very much, Mr. Chairman.

Senator HUMPHREY. You are welcome.

Senator LEVIN.

Senator LEVIN. General Pihl, the fiscal year 1983 budget for ammunition for the Army projected that we would spend \$3.9 billion in fiscal year 1985.

Last year in the fiscal year 1984 budget the Army was projecting it would spend \$3.4 billion on ammunition in fiscal year 1985. Now we see the fiscal year 1985 budget and it is only \$2.5 billion for ammunition which is almost \$1 billion below the level which you are projecting for fiscal year 1985, just a year ago.

What happened?

General PIHL. Sir, as I testified a moment ago, in the \$910 million that went away between the fiscal year 1985 column of the fiscal year 1984 budget and the actual fiscal year 1985 budget submission, the Army in its priorities took \$620.9 million of that and the Defense Department took the other \$289.3 million in terms of balancing out of weapons systems, personnel accounts, pay, readiness and training.

Senator LEVIN. In the agreement which has been reached in the compromise between the President and the congressional Republican leadership, are there going to be further reductions proposed in the ammunition program as a result of that agreement?

General PIHL. Sir, part of that, of course, includes that which has already been noted by the House Armed Services Committee in their markup.

Yes, there is an additional amount coming out of ammo if we go beyond that in the agreement which you signed.

Senator LEVIN. Do we have that testimony on record already today?

General PIHL. No, sir.

Senator LEVIN. Can you give us the figures?

General PIHL. No, sir, I don't have them with me.

Senator LEVIN. Is it a significant amount?

General PIHL. Yes, sir. Especially in fiscal year 1986 it is significant.

Senator LEVIN. Now, the House, as you mentioned, has reported out a reduction of about \$274 million in fiscal year 1985.

General PIHL. That is correct.

Senator LEVIN. Are you satisfied with the level of funding for Army ammunition authorized in that House bill?

General PIHL. No, sir, we are not, particularly as indicated in my testimony on RDX/HMX, the full \$89 million was deleted in the House bill.

In terms of taking out the others in the mark, such as the plastic ammunition, the RAAMS, the LAW, the amount that came out of training, the other components of the \$274 million, we think they took our lesser priority systems as opposed to our higher priority systems, but all of them are going to hurt.

Senator LEVIN. You have now made a recommendation to the DOD which goes beyond that in order to meet the figure which was agreed upon in the Rose Garden?

General PIHL. Yes, sir, we have.

Senator LEVIN. Does the fiscal year 1985 request adequately meet your ammunition training requirements for fiscal year 1985?

General PIHL. No, sir, it does not. It falls \$275.4 million short of the amount we need for our minimum training load. We see that it will cause a dip into our war reserve stocks of approximately 102 million dollars' worth and we would need another \$173 million in order to accomplish our training objectives.

Senator LEVIN. What is the requirement for fiscal year 1985?

General PIHL. Sir, I tried to put this into balance for you. The required amount of ammunition under our new process, called the STRAC, is \$1,321.4 million. We have authorized against that requirement \$969.9 million.

Now, I want to be very clear on that. That is because there are other constraints to training than just ammunition, range time, facilities, amount of crews that are in tanks.

So, we do not fund everything that would be required if ammunition were the only component of our training equation. Right now we funded 694.5 million worth of that \$969.9 million which leaves us the \$275.4 million short that I just discussed.

Senator LEVIN. So, that your funding as a percentage of your requirement for fiscal year 1985 would be 53 percent approximately?

General PIHL. Yes, sir, that is correct if you compare the \$694.4 million to the \$1,321.4 million.

Senator LEVIN. Next year it actually gets worse?

General PIHL. Yes, sir, goes to a deficit of \$793.4 million.

Senator LEVIN. That is about 51 percent?

General PIHL. Of the full requirement of \$1,610.6 million, yes, sir.

Senator LEVIN. Is that requirement a real requirement? Is that for real?

General PIHL. Sir, it is a real requirement if every crew, every howitzer, every tank, reserve component and active Army unit does everything that is in our annual training requirement.

Some pragmatics overtake that, our ranges and training areas, our ability to do the things we do all year long.

So, it is a real requirement if we were to start today and have a perfect world in which we could do everything and had the ammunition that was needed as a match to all of that, yes, that is a requirement.

Senator LEVIN. What is the requirement in the real world?

General PIHL. In the real world we have not determined it. It will be dimensional to what the fiscal year 1985 \$969.9 million is to \$1,321.4 million. We will constrain that probably down to approximately \$500 million just based on what is doable.

Senator LEVIN. Your funding as a percentage of the real world requirement, does that also go down next year?

General PIHL. No, sir, it goes up because at this point we have funded \$817.2 million of that.

Senator LEVIN. Can you give us the figures, the real world?

General PIHL. The real world funding?

Senator LEVIN. Percentages. Funding as a percentage of the real world requirement, this year and next year?

General PIHL. Can I put that in the record to be precise?

Senator LEVIN. Yes, that will be fine.

[The information follows:]

TRAINING AMMO REQUIREMENT

Training ammunition funding, as a percentage of the real world requirement, is 72 percent in fiscal year 1985 and 83 percent in fiscal year 1986.

Senator LEVIN. Last year we talked of the GOCO contract issue at the ammunition plants. Apparently the GAO has reviewed these contracting practices at the ammunition plant and they have endorsed your current methods of contracting with one reservation, as I understand it, and that is that three active plants currently operating under cost-plus, fixed-fee contracts should be converted, they say, to cost-plus, incentive fee contracts.

Is that going to be done?

General PIHL. Sir, could I provide that for the record?

[The information follows:]

GOCO CONTRACT ISSUE

The GAO reservations on contracting practices were at Mississippi Army Ammunition Plant (AAP), Lake City AAP and Holston AAP. Contract status at these plants are as follows:

Mississippi AAP:—Contract has already been signed as Cost Plus Award Fee contract.

Lake City AAP:—Contract will be completed. It is anticipated that the Army will sign a Cost Plus Award Fee contract.

Holston AAP:—Contract under negotiation and will be signed as Cost Plus Incentive Fee.

Senator LEVIN. I don't know where we are in the hearing. I can stop at any time and pick up later.

COPPERHEAD

You are going to be moving along on a different subject now, Copperhead. The Army is going to be testing Copperhead under battlefield conditions fairly soon?

General PIHL. That test is underway, sir.

Senator LEVIN. When will we have the results of that test?

General PIHL. I can give you the emerging results right now.

We are scheduled to fire 42 rounds in that profile. We have fired the first seven. This is the Fire Support Team field test and evaluation that is going on at Fort Riley, KS.

We fired the first seven rounds with some success. I want to be sure that that does not get confused with our lot acceptance test procedures which are fired in a controlled environment to determine the round's reliability. The test at Fort Riley includes the ability to engage in a tactical environment.

So, it is a full system shakedown. We have estimated the probability of kill, given a hit with Copperhead.

We expect to have many out of 42 if Copperhead holds true from a full system standpoint.

Senator LEVIN. When will we have the results of the 42?

General PIHL. The tests will be completed this month and I can expedite this to the Hill by the end of May.

Senator LEVIN. Will you let us know of the results as the test proceeds unless that would really skew it?

General PIHL. Yes, sir. I will give you the first four out of seven right now. Through your staff I can keep you posted on how the test is going.

Senator LEVIN. That is obviously a live issue.

General Hansen, a couple quick questions for you, if I can.

AIR FORCE WAR RESERVE MUNITIONS

You have had a big increase in the Air Force's war reserve munition accounts; in fiscal year 1984 you had \$593 million. That was about double this year and it is going to be up to \$1.8 billion in fiscal year 1986. From fiscal year 1984 to fiscal year 1985 that is a 77 percent growth and from fiscal year 1984 to fiscal year 1986 that is about 200-percent growth.

I am not sure my figures are right. It has been a significant growth.

General HANSEN. A significant growth.

Senator LEVIN. What is the reason for that large increase?

General HANSEN. In fiscal year 1983 and fiscal year 1984 we were in a changeover period. In 1982 we had terminated production of quite a bit of our older munitions and started to go into new tooling and facilitation on some more modern weapons.

The CEM, the combined effect munitions, the Gator mine, Duralandal, the majority of the munitions, that we are planning to produce in fiscal year 1985 and fiscal year 1986 are relatively new munitions. That reflects a phase-down of old munitions and phase-up of new munitions.

We have also gone in the CEM area to an all-purpose ammunition, a multipurpose, and there are large quantities required. That is the base.

Senator HUMPHREY. Senator Dixon?

Senator DIXON. General Pihl, I wonder if you would enlighten me further.

There was information given us that there are 15 sites under consideration for the RDX/HMX base explosive and propellant manufacturing capability that you have under consideration.

Is this true?

General PIHL. That is correct, sir, 15.

Senator DIXON. Could I ask if one of those sites, if you are at liberty to say, is Joliet that is under consideration?

General PIHL. Yes, sir, it is.

Senator DIXON. Thank you.

Senator HUMPHREY. General, the training requirement will only be 72 percent met in fiscal year 1985 in ammunition?

General PIHL. Against the \$969.9 million authorization, yes, sir, that is correct.

Senator HUMPHREY. What effect will that have on training?

General PIHL. Sir, if I might at this time, I would like to introduce the Assistant Chief of Staff, G-3, of the 1st Cavalry Division to give you a bird's eye view the division lives within.

This is Lt. Col. Louis Sturbois.

STATEMENT OF LT. COL. LOUIS J. STURBOIS, ASSISTANT CHIEF OF STAFF, G-3, 1ST CAVALRY DIVISION, FORT HOOD, TX.

Colonel STURBOIS. Sir, the division lays out a training plan a year in advance. We ask for specific amounts of ammunition based on the events to be done during that year. These events can be tied to ammunition, range, time, and a number of other things.

The resources are put together and requested. Having done that, then we await the decisions of our superior headquarters on how much ammunition or range time or training we are going to be allowed. Ammunition is only one of those variables.

It is of considerable importance. Once we get that decision, then we make plans within the ammo constraints that we have to either scrub that or enhance it as the case may be.

The ammunition is allocated to us from Headquarters Forces Command and I think that probably does not bear too much relation to the Army average.

There is ammunition taken out for other accounts. We eventually get our ammunition allocated. This past year, the training ammunition allocated to the division was, for instance, 112 rounds per tank crew.

There was an additional 65 rounds allocated to any units going to the National Training Center per tank.

Senator HUMPHREY. 112 then?

Colonel STURBOIS. That is the way it worked out for us.

Senator HUMPHREY. In fiscal year 1984.

Colonel STURBOIS. Yes.

Senator HUMPHREY. What is your standard for training?

General PIHL. That is fiscal year 1984.

Senator HUMPHREY. How is it shaping up for fiscal year 1985?

Colonel STURBOIS. Again, we have not received our allocation from Forces Command.

In reponse to the query that we made when I found out that I would be coming up here, it looks like if we continue to do business the way we have in the past, we will wind up with about 85 rounds per tank for fiscal year 1985. We are going to send two brigades to the National Training Center and they will receive an additional 30 rounds per tank while there.

Senator HUMPHREY. Under the circumstances you foresee you are going to get 85 rounds?

General PIHL. That is what we are projecting.

Senator HUMPHREY. Versus 112 in fiscal year 1984.

General PIHL. Yes, sir. That is the information we have.

Senator HUMPHREY. What is the effect on training, efficiency of crews? What do you see coming?

General PIHL. Sir, we think for ammunition, that it is a bare-bones training plan in order to be able to accomplish what we would like to do. The corps commander guidance is to fire four main gun exercises annually and in order to do that, 85 rounds is the bare minimum that we can do that with.

Senator HUMPHREY. What was it in fiscal year 1983?

General PIHL. We fired at home station 134 rounds per crew.

Senator HUMPHREY. It is getting worse every year.

General PIHL. Yes, sir.

Senator HUMPHREY. If it is less than 85 next year, what will you do?

General PIHL. Following the FM 17-12-1 standards, the new gunnery and gunnery qualification table we have, anything less than 85 rounds is going to mean we will not be able to run our tankers through two complete cycles every year.

That is what we are striving to do right now to enter two complete gunnery cycles a year. With the 85 rounds allocated to us we are going to be able to run them through all the tank firing tables for the individual tank crews twice and once through the platoon firing plus, then they will receive additional unit gunnery out at the National Training Center.

Senator HUMPHREY. What about training in other weapons?

Colonel STURBOIS. In artillery we are experiencing a similar decrease. However, we have looked at that ammunition very carefully and we are not nearly in the jeopardy that we will be in the tank main gun.

In TOW munitions we are receiving an increase in the number of TOW systems coming into the division. We should have by the end of 1985, 162 TOW systems in the division and we will be shooting an average of half of the TOW rounds per system.

In 1983 we shot about 0.86 TOW's per TOW system. In 1984 we shot 1.4 TOW's per TOW system. So, it is also decreasing. The 4.2-inch mortar is similarly decreasing.

Senator HUMPHREY. Is anybody growing alarmed over these trends?

General PIHL. Yes, sir, we are.

I do want to point out that the division that Colonel Sturbois represents is a CONUS division in the 3d Corps in Texas. The deployed divisions in USEUR of which he and I commanded battalions over two different times obviously had their major training areas accomplish their 134 rounds per tank per year.

It is the forces that are in the CONUS base that are more constrained. Yes, we are concerned about those trends.

Senator HUMPHREY. Senator Levin?

TANK GUN

Senator LEVIN. On that main tank gun you said the trend is in the wrong direction.

Colonel STURBOIS. There are training devices coming on at the same time. The unit conduct fire trainer and similar training devices are going to make it possible to train with less training ammunition.

Senator LEVIN. Is that true already?

Colonel STURBOIS. We do not have the unit conduct fire trainer at this time. We receive our first ones in August 1985. So, as I say, we are at a point now where we do have sufficient rounds to train, but without the advent of the new training devices if we take any more cuts, then we do indeed have problems.

Senator LEVIN. How long has this trend been going in the wrong direction on the main gun?

Colonel STURBOIS. I am only prepared to say over 1983-85. That is all the information I have right now.

General PIHL. When I joined the Army, Senator, the tank got 210 rounds per tank per year.

Senator LEVIN. What do they get now?

General PIHL. 134. Now, we have done some things. One of the things we no longer do is zero in our tanks to where you fire 20 rounds to confirm that the main gun is hitting where it is supposed to.

We are able now through the computer harnessed to the tank, in order to get accuracy, screen that tank within two rounds. So, there is some reason for the reduction in the number of tank rounds.

But we can't go below a certain amount of rounds; otherwise, you don't get the experience to maintain your edge.

FUNDING FOR AIR FORCE MUNITIONS

Senator LEVIN. General Hansen, are you satisfied with the level of funding for Air Force munitions authorized by the House Armed Services Committee?

General HANSEN. I was a little concerned about the cuts, not only in munitions because it upset the balance, but also the reduction that the House made in the aircraft spares.

Senator LEVIN. What particular reductions, including aircraft spares, have they adopted that you disagree with?

General HANSEN. We are talking about training munitions. The Air Force has tried to keep the training munitions at 100 percent. We have made commitments to it. There is some reduction in the House on training munitions.

Senator LEVIN. Do you disagree with all of them?

General HANSEN. With all the cuts?

Senator LEVIN. With all the cuts.

General HANSEN. Once again when we put together that budget, I was part of that group and I agreed with everything that was submitted. I basically disagree with the cuts on readiness, yes, sir.

Senator LEVIN. There was a cut in the combined effects munitions, as I understand it. The reason for that, as I understand it, was that it became known that the Air Force list which was submitted to the OSD contained that cut, the list that was submitted following the rose garden agreement.

So, I presume that the cut, am I correct, in combined effects munition, was on your list to OSD?

General HANSEN. There are actually four lists that have been circulating on the Hill. There might well be a fifth one because as of this morning, we were still working the balance in the Air Force in the readiness accounts. That includes munitions.

Senator LEVIN. In the last list submitted to OSD by the Air Force, was that combined effects munitions cut on it?

General HANSEN. Yes, sir.

Senator LEVIN. It is that cut which you submitted to the OSD and which then got to the House and was included in their cut?

Does that cut jeopardize the second production source?

General HANSEN. No; it does not. As a matter of fact, one of the reasons that we can sustain a cut, we took into consideration surge ability by having second sources. It does not jeopardize the second source.

Senator LEVIN. I have other questions for the record, Mr. Chairman.

Senator HUMPHREY. Fine.

Just one last question at this point.

Why was tank ammunition not listed as a priority add back, General?

General PIHL. It should have been, sir, if it wasn't.

Senator HUMPHREY. Apparently something needs to be corrected.

General PIHL. Yes, sir. I will be happy to do that.

[The information follows:]

TANK AMMUNITION

On review, the corrections really were made during the 1983 and 1984 programs and tank ammunition was not included as a priority add back to the fiscal year 1985 budget submission since the budget request adequately supports current tank ammunition training requirements.

Senator HUMPHREY. Thank you very much, gentlemen, for your testimony.

General PIHL. Thank you, Mr. Chairman.

[Questions submitted by members of the Senate Armed Services Preparedness Subcommittee to be answered for the record follow:]

QUESTIONS SUBMITTED BY SENATOR DAN QUAYLE

RDX/HMX

Senator QUAYLE. When did the Army first decide to upgrade its facilities for the production of Research Department Explosive (RDX) and High Melt Explosive (HMX) explosives?

General PIHL. The shortfall was recognized in the early 1970's for RDX-based explosives—mainly Composition B. Studies were conducted to expand the RDX base with some dual capability for HMX at a second site besides Holston Army Ammunition Plant (AAP).

Senator QUAYLE. Was that decision due to a change in ammunition requirements or the need to modernize or expand current facilities to accommodate new technology?

General PIHL. In the 1970's, the decision was driven by increasing RDX/HMX requirements due to more usage of RDX and HMX as the explosive fill in the new and improved munition items. RDX/HMX also is in significant demand for newer propellant such as that in the Trident motor. As a result, the capability at Holston AAP which has the only RDX/HMX production facilities in the US, has become severely inadequate for peacetime and mobilization needs. At the same time, the age and vulnerability of the one-source plant at Holston is a serious matter of concern. There is a need to modernize Holston as well as to expand our RDX/HMX capability at other sites. In our latest study of RDX/HMX production facility options, the Army decided to look at the new technology available to manufacture HMX more economically than the 40-year-old technology presently used at Holston. Such technology is being actively exploited by other countries. It was determined to incorporate this technology in the expansion of our RDX/HMX base if such expansion is to take place.

Senator QUAYLE. Would you provide for the record the Army's first proposed plan for upgrading RDX/HMX production facilities, including the site selections made and funding requested for the appropriate FYDP?

General PIHL. The Army's first proposed plan envisioned a two line RDX/HMX plant (like the one at Holston), 9.0 million lbs/mo of RDX. The final three sites that were considered were Newport, Milan and McAlester AAP. Cost of this facility considering a seven-year design and construction effort was approximately \$700 million.

Senator QUAYLE. How many times has the Army changed its site selection list for RDX/HMX production facilities since the original plan was produced?

General PIHL. Once since 1975. The Army restudied RDX/HMX facilitization during CY 1983 and determined that multiple small size manufacturing facilities using the latest technology for RDX/HMX were more beneficial from a vulnerability and operating cost basis. As a consequence the new plan recommends multiple small size facilities in lieu of a single (e.g. Holston AAP) large size facility.

Senator QUAYLE. How have the Newport and Charlestown, Indiana Army Ammunition plants fared in the Army's site selections for future RDX/HMX facilities?

General PIHL. Both sites are on the current list of 15 suitable sites.

Senator QUAYLE. What is the Army's overall assessment of the above mentioned AAPs—could one or both adequately accommodate a new RDX or HMX line under Army specifications and requirements?

General PIHL. Either AAP can accommodate a new RDX or HMX line.

Senator QUAYLE. Where do the Charlestown and Newport AAPs stand in the Army's prioritized list of where it would prefer to place an upgraded RDX and HMX line?

General PIHL. The Army list is not prioritized. The fifteen sites meet the minimum requirements for land and water for an RDX/HMX site.

Senator QUAYLE. Would you please provide my office for the record a complete copy of the Army's latest "Master Plan" for future RDX and HMX production facilities, as tasked by the fiscal year 1984 House-Senate Conference Report on the fiscal year 1984 Defense Appropriations Bill?

Please include all site selections, the complete justification for each site selection, the funding profile associated with each individual site, and the aggregate funds requested for the fiscal year 1985-89 FYDP.

General PIHL. It is expected that the master plan will be forwarded to Congress in the next few weeks. At that time, your office will be provided a copy.

Senator QUAYLE. In the formulation of the Army's most recent "Master Plan" for RDX/HMX production, were any of the site evaluation criteria formulated by entities working on a contract basis with the Army?

Were any independent agencies or private entities involved on a contract basis with the Army on evaluating production site criteria, or the individual sites themselves?

General PIHL. No outside contractor(s) was involved in the formulation and evaluation of site criteria in the most recent Master Plan. The Corps of Engineers, Huntsville Division, examined the technical factors, which constituted a part of the site selection study.

Senator QUAYLE. Could you please provide for the record copies of the two slides from your presentation today relating to RDX and HMX facilities.

General PIHL. The slides follow:

RDX/HMX

Modernize Holston AAP: Provide additional capability; balance finishing capability; productivity improvements.

New HMX process—Musall: Direct nitration; pilot plant; 500K/MO capability.

RDX Bachmann Plant: 4.5M/MO capability; second source.

Conversion RDX/HMX: Meet current requirements; Navy/Trident.

Stockpile RDX/HMX: 150M lbs.

RDX/HMX

	1983	1984	1985	1986	1987	1988	1989	1990	1991
Modernization of Holston		5	24	25	26	27	4		
Stockpile		33	34	58	66	66	66		
RDX/HMX conversion		8	20	1					
HMX process demonstration	3								
HMX scaler pilot plant		21							
HMX Musall Plant			11	11	70	100	91	68	38
RDX Bachmann Plant						38	149	116	71
Total	3	67	89	95	162	231	310	184	109

Senator QUAYLE. Is either the Charlestown or Newport AAP included in your final list of 14 sites for the RDX/HMX Master Plan that you are about to submit to the Congress?

General PIHL. Both Indiana AAP and Newport AAP are on the final list of 15 sites.

Senator QUAYLE. What action was taken in the House Armed Services fiscal year 1985 markup regarding funding for RDX and HMX production facilities?

If the Senate decided to take similar action, what would be the effect on the Army's future plans for manufacturing these high explosives?

Would you provide, in classified form if necessary, the various weapons systems that might be severely affected if no funding were approved for RDX or HMX production in fiscal year 1985?

General PIHL. The HASC has zeroed the program in fiscal year 1985. If the Senate took similar action, the program would slip at least 2-3 years because a subsequent request could not be included until the fiscal year 1986 budget. The weapon systems affected are the Multiple Launch Rocket System (MLRS), Mine Clearing Line Charge (MICLIC) Trident, and 155 mm M483.

[Whereupon, at 4:28 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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